

# **CITY OF CLINTON, TENNESSEE**

## **ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**



**Prepared by:**  
**Gail D. Cook, CPA, CGFM**  
**Finance Director**

**CITY OF CLINTON, TENNESSEE**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2015**

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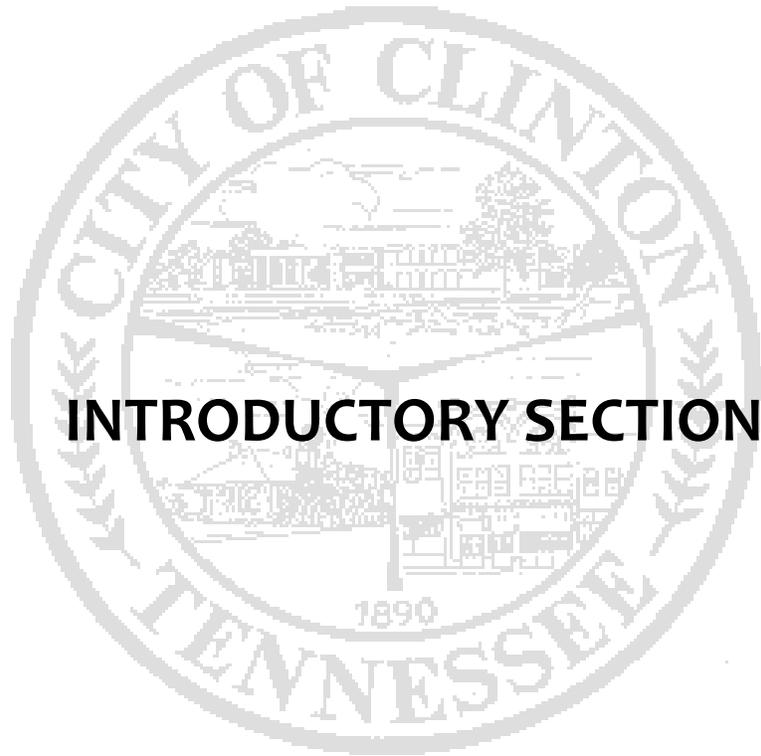
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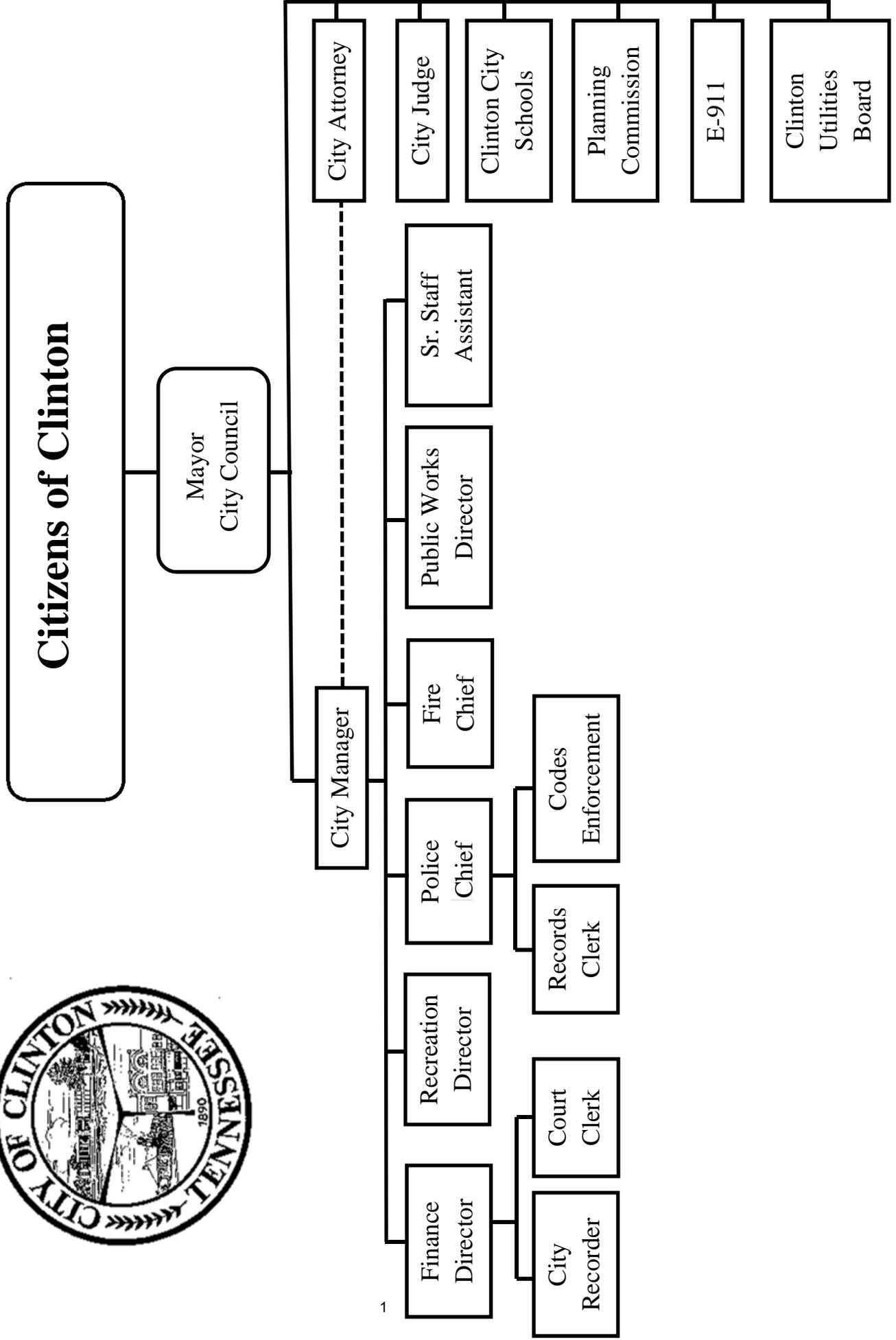
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## **INTRODUCTORY SECTION**

# City of Clinton, Tennessee



**CITY OF CLINTON, TENNESSEE**

**Roster of City Officials and Others**

**June 30, 2015**

Clinton City Council

Scott Burton, Mayor  
Jim McBride, Vice-Mayor  
Zach Farrar, Councilman  
Larry Gann, Councilman  
Brian Hatmaker, Councilman  
Rob Herrell, Councilman  
E.T. Stamey, Councilman

Clinton City Management

Roger Houck, City Manager  
Archie Brummitt, Fire Chief  
Gail Cook, CPA, CGFM, Finance Director  
(CMFO Designee)  
Lynn Murphy, Public Works Director  
William Riggs, Sr. Staff Administrator  
Rick Scarbrough, Police Chief

City Attorney

Phil Crye, Attorney at Law

City Judge

Michael Farley, Attorney at Law

City Recorder

Regina Ridenour

Clinton City Schools

Vicki Violette, Director of Schools  
Board of Education:  
Tim Bible, Chairman  
Merle Pryse, Vice-Chairman  
Curtis Isabell, Board Member  
David Queener, Board Member  
Joseph Smith, Board Member  
Kimberly Webster, Board Member

Emergency Communications District

Archie Brummitt, Chairman  
Rick Scarbrough, Vice-Chairman  
William Riggs, Secretary/Treasurer  
Mark Alderson, Board Member  
Randy Page, Board Member  
Joe Roberts, Board Member  
Jim Sanderson, Board Member

Clinton Utilities

Gregory J. Fay, General Manager  
Ernie Bowles, Assistant General Manager  
Dudley Fagan, Director of Accounting and Finance  
Dan Hawkins, Director of Water Services  
Clinton Utilities Board:  
Gary Cooper, Chairman  
Alan Seivers, Vice-Chairman  
Charles Price, Secretary/Treasurer  
Jim McBride, Board Member  
Scott Vowell, Board Member



**FINANCIAL SECTION**

**KNOXVILLE OFFICE:**  
315 NORTH CEDAR BLUFF ROAD – SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660



**OAK RIDGE OFFICE:**  
800 OAK RIDGE TURNPIKE – SUITE A404  
OAK RIDGE, TENNESSEE 37830  
TELEPHONE 865-769-1657

PUGH & COMPANY, P.C.  
www.pughcpas.com

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Manager  
and the City Council Members of the  
City of Clinton, Tennessee  
Clinton, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the City Emergency Communications District, a discretely presented component unit, each major fund, budgetary comparison statements of the general fund and general purpose school fund, fiduciary fund types, and the aggregate remaining fund information of the City of Clinton, Tennessee (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clinton City School System (the "Schools"), a department reported in governmental funds, the Clinton Utilities Board ("CUB"), a department reported in business-type activities and proprietary funds and the CUB Pension Plan, a fiduciary fund type. The Schools comprise 27% of assets, 18% of fund balances, 45% of revenues and 43% of expenditures of the total governmental funds. CUB comprises 99% of assets, 99% of net position, 100% of revenues and 100% of expenses of the total business-type activities and proprietary fund types. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Schools, CUB and the CUB Pension Plan is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, fiduciary fund types and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statements of the general fund and general purpose school fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Notes 13 and 14, during fiscal year 2015, the City and CUB implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 17 and the required supplementary information on pages 99 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory, supplementary information, other supplementary information and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplementary information section as listed in the table of contents, including the schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the introductory, other supplementary information and statistical sections as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
February 11, 2016

## Management's Discussion and Analysis

The management of the City of Clinton, Tennessee (the City), presents this management's discussion and analysis (MD&A) of the City's financial condition and results of operations for the fiscal years ended June 30, 2015 and 2014. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the City, City of Clinton School System (School System), and the Clinton Utilities Board (CUB), known as the primary government (PG). Also included are the financial results of the City of Clinton Emergency Communications District (E911) which is considered a discretely presented component unit (DPCU). CUB, the School System, and E911 issue separate financial statements. Readers should review their separately issued audited financial statements and MD&A.

The government-wide financial statements include not only the primary government but also the DPCU E911 which is known as the total reporting entity.

### FINANCIAL HIGHLIGHTS FOR 2015

The following are key financial highlights:

- The assets and deferred outflows of resources of the City of Clinton primary government were more than its liabilities and deferred inflows of resources at year-end 2015 by \$96,083,991 (net position). Of this amount, \$7,428,860 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Charges for services which are program specific revenues accounted for \$83.9 million in revenue or 82.8% of all PG revenues. The majority (98.9%) of the charges for services are from CUB electric and water and sewer departments. General revenues of the primary government account for \$11.1 million or 11.0% of all PG revenues.
- At 2015 year-end, the City's governmental funds reported combined ending fund balances of \$8,931,652, a decrease of \$281,548 for 2015. Of the total fund balances, \$5,004,776 is unassigned and available for ongoing operations.
- At June 30, 2015, the unassigned General Fund balance was \$5,004,776 or 41.1% of General Fund expenditures (including transfers out). This will help meet unexpected emergencies and other uncertainties the City may face during the course of everyday operations.

- At 2015 year-end, the proprietary funds reported combined ending net position of \$89,724,978. The overall net position decreased \$2,342,711 from last year. However, the change in net position related to operations for this fiscal year was an increase of \$2,102,521. The overall decrease was a result of a restatement to the prior fiscal year's net position based on a change in the method of accounting for the pension plan as required by GASB Statements No. 68 and 71, which reduced the total net position by \$4,445,232. Of the total net position, \$5,533,923 is unrestricted.

## OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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 and DPCU E911 finances in a manner similar to a private-sector business.

The statement of net position presents information on all the City's and DPCU E911 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 and the DPCU E911 is improving or deteriorating.

The statement of activities presents information showing how the City's and the DPCU E911 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City and the DPCU E911 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 include the following:

- General Government
- Public Safety
- Public Works
- State Street Aid – Street Lighting
- Refuse Collection
- Culture and Recreation
- Economic Development
- Education
- Interest on Long-term Debt

The business-type activities of the city consist of utility services provided by the Clinton Utilities Board and economic development services provided by the Port Authority.

The government-wide financial statements can be found on pages 18 through 20 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 for specific activities or objectives. The City of Clinton, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are 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 spendable resources, as well as on balances of spendable 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 the 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 City's near-term financing decisions. Both the governmental fund balance sheet and the 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental

fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the General Purpose School Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining and individual fund financial statements.

Governmental fund financial statements can be found on pages 21 through 26 of this report.

**Proprietary Funds.** Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains only one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has three enterprise funds, CUB Electric Fund, CUB Water and Sewer Fund, and the Port Authority Fund.

The CUB Electric Fund and the CUB Water and Sewer Fund are major funds, while the Port Authority Fund is a non-major fund.

The proprietary fund financial statements can be found on pages 27 through 32 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of that fund are not available to support the City of Clinton programs. The accounting used for the fiduciary fund is much like that used for proprietary funds. The CUB Employees' Pension Trust Fund accounts for assets set aside for employee retirements.

Unlike proprietary funds, fiduciary funds are not required to list their net position based on their availability for use in operations.

The Statement of Changes in Fiduciary Net Position notes all changes in net position without distinguishing earnings related changes from other types of changes. These changes to net position are simply noted as additions and deductions.

The fiduciary fund financial statements can be found on pages 33 and 34 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Section.** This section provides schedules for the various pension plans and other post-employment benefits plans of the City. These schedules indicate the overall financial health of the City's pension plans and other post-employment benefits plans which are on pages 99 through 106.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund financial statements for the nonmajor governmental funds. Also included are additional schedules and historical data, including a schedule of the expenditures of federal and state assistance for the City.

**Other Supplementary Information and Statistical Section.** The other supplementary information section contains additional schedules. The statistical section includes selected historical financial and operational data and is presented on a ten-year basis if available. Both of these sections are unaudited.

**Internal Control and Compliance Section.** This includes the auditor's reports on the City's internal controls and compliance including, when applicable, an opinion on major federal award programs.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities and deferred inflows of resources by \$96.1 million, of which \$89.7 million is from business-type activities.

As explained in Note 13 on page 68, the City was required to adjust beginning net position and record a liability for pension benefits in accordance with GASB Statements No. 68 and 71 in fiscal year 2015. The beginning net position was decreased by \$6,943,653 – governmental activities decreased by \$2,498,421 and business-type activities decreased by \$4,445,232.

The following page shows a condensed version of the primary government's statement of net position at year-end June 30, 2015 and 2014.

CITY OF CLINTON  
STATEMENTS OF NET POSITION

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
<u>Assets</u>				
Current and other assets	\$15,082,224	\$14,920,237	\$23,749,647	\$26,432,415
Capital assets	12,189,603	12,516,118	94,021,055	91,107,605
Total assets	<u>27,271,827</u>	<u>27,436,355</u>	<u>117,770,702</u>	<u>117,540,020</u>
<u>Deferred outflows of resources</u>				
Related to pensions	1,006,733	0	2,108,828	0
<u>Liabilities</u>				
Current and other liabilities	2,624,252	2,899,935	13,243,196	12,881,489
Long-term liabilities	11,765,440	12,618,891	16,455,862	12,590,841
Total liabilities	<u>14,389,692</u>	<u>15,518,826</u>	<u>29,699,058</u>	<u>25,472,330</u>
<u>Deferred inflows of resources</u>				
Related to pensions	2,738,124	0	455,494	0
Deferred current property taxes	4,791,731	4,194,310	0	0
Total deferred inflows of resources	<u>7,529,855</u>	<u>4,194,310</u>	<u>455,494</u>	<u>0</u>
<u>Net Position</u>				
Net investment in capital assets	3,840,603	3,726,500	84,191,055	79,657,605
Restricted	623,473	1,589,812	0	0
Unrestricted	1,894,937	2,406,907	5,533,923	12,410,085
Total net position	<u>\$ 6,359,013</u>	<u>\$ 7,723,219</u>	<u>\$89,724,978</u>	<u>\$92,067,690</u>

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, plant, infrastructure, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the investment in 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 long-term debt.

The City implemented GASB Statements No. 68 and 71 this year. With this new reporting change, the City recorded deferred outflows and deferred inflows of resources related to pensions, pension assets and liabilities, pension income, and pension expense. A restatement to decrease beginning net position was recorded for the effects of the new reporting guidance in total for \$6,943,653. The restatement is reflected on the Statement of Activities.

The unrestricted net position may be used to meet the obligations to citizens, employees and creditors and to help fund next year's budget. The following table shows a condensed version of the primary government's statement of activities for the years ending June 30, 2015 and 2014:

CITY OF CLINTON  
STATEMENTS OF ACTIVITIES

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
<u>Revenues</u>				
Program revenues:				
Charges for services	\$ 959,611	\$ 851,455	\$82,974,223	\$83,417,165
Operating grants and contributions	6,033,667	5,668,666	0	0
Capital grants and contributions	111,637	650,197	226,100	19,865
General revenues:				
Taxes	10,998,980	10,664,824	0	0
Investment income	14,721	18,168	36,262	36,071
Miscellaneous	47,951	6,752	6,184	12,408
Gain on sale or disposal of assets	2,625	15,813	0	0
Total revenues	<u>18,169,192</u>	<u>17,875,875</u>	<u>83,242,769</u>	<u>83,485,509</u>
<u>Expenses</u>				
General government	1,133,441	1,223,719	0	0
Public safety	4,541,455	4,367,219	0	0
Public works	1,822,563	2,674,899	0	0
State street aid - street lighting	300,602	300,754	0	0
Culture and recreation	1,502,682	1,664,550	0	0
Economic development	855,733	68,604	0	0
Interest on long-term debt	351,519	377,239	0	0
Education	8,010,886	8,594,601	0	0
Electric utilities	0	0	75,300,764	74,855,565
Water and sewer utilities	0	0	4,355,580	4,417,577
Port authority	0	0	0	125
Total expenses	<u>18,518,881</u>	<u>19,271,585</u>	<u>79,656,344</u>	<u>79,273,267</u>
Change in Net Position before Transfers	(349,689)	(1,395,710)	3,586,425	4,212,242
Transfers	<u>1,483,904</u>	<u>1,454,828</u>	<u>(1,483,904)</u>	<u>(1,454,828)</u>
Change in Net Position	1,134,215	59,118	2,102,521	2,757,414
Net position, beginning of year (restated for 2015)	<u>5,224,798</u>	<u>7,664,101</u>	<u>87,622,457</u>	<u>89,310,276</u>
Net position, end of year	<u>\$ 6,359,013</u>	<u>\$ 7,723,219</u>	<u>\$89,724,978</u>	<u>\$92,067,690</u>

**Governmental Activities.** Governmental type activities provided by the City during FY 2015 are primarily education – 43.3%, public safety – 24.5%, public works – 9.8%, and culture and recreation – 8.1%. The City’s main source of revenues during FY 2015 is from taxes – 56.0% and operating grants and contributions – 30.7%.

**Business Type Activities.** The primary business-type activities of the City are electric and water and sewer services provided by CUB. CUB provides services to the residents of the City of Clinton as well as to a portion of the rural areas of Anderson County and surrounding counties. Approximately 99% of CUB’s revenues are from charges for services.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The City’s investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$12.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, streets, and other infrastructure. During 2015, the City added police vehicles, public works machinery and equipment, fire station and city garage improvements, telephone equipment, and school improvements at a total cost of \$1,040,548.

The City’s investment in capital assets for its business-type activities as of June 30, 2015, amounts to \$94.0 million (net of accumulated depreciation). This investment in capital assets is comprised of land, plant, buildings, equipment, and infrastructure of the electric, water, and sewer departments. During 2015, CUB added distribution, transmission, and treatment system improvements and additions, transportation equipment and office furniture and equipment at a total cost of \$8,151,890.

Additional information on capital asset activity can be found in Note 9 of this report.

**Long-Term Debt.** At the end of the 2015 fiscal year, the City had total revenue and tax bonds, capital outlay notes, and loans payable outstanding of \$20.9 million. The City’s long-term debt and liabilities, which includes compensated absences and other post-employment benefits, are discussed in Notes 10 and 11 of this report.

## FINANCIAL ANALYSIS OF FUND FINANCIAL STATEMENTS

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2015, the City's governmental funds reported combined ending fund balances of \$8.9 million, a decrease of \$281,548 when compared to year-end 2014. Approximately \$5.0 million is unassigned fund balances which are available for future appropriations. The restricted, committed, and assigned fund balances of \$3.5 million at June 30, 2015, are for unexpended restricted revenues and reserves for capital projects, education, public safety, public works, recreation, and economic development.

The City's main operating fund is the General Fund. At year-end 2015, total fund balances were \$7,298,651, with unassigned totaling \$5,004,776. The unassigned fund balance represents 41.1% of total General Fund expenditures (including transfers out) during 2015. The General Fund's fund balance decreased by \$394,624 during 2015 primarily due to capital expenditures using reserved or committed funds.

At 2015 year-end, the General Purpose School Fund reported ending fund balance of \$1,551,556, which is an increase of \$184,150 from 2015 year end. This increase was due in large part to a decrease in operational and instructional expenditures and a decrease in debt service expenditures. Of the \$1,551,556 year-end 2015 fund balance, \$1,523,672 is assigned for educational purposes and available for future educational needs.

**Proprietary Funds.** The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position and its percent to total net position of each enterprise fund are as follows:

• CUB Electric Fund	\$ 3,859,333	5.8%
• CUB Water and Sewer Fund	\$ 1,646,465	7.2%
• Port Authority	\$ 28,125	100%

The CUB Electric Fund's overall net position decreased by \$1,811,907 from last fiscal year, however the change in net position related to operations for fiscal year 2015 was an increase of \$1,785,374. The overall decrease was a result of a restatement to the prior fiscal year's net position based on a change in method of accounting for pensions in the amount of \$3,597,281. The net investment in capital assets increased by \$3.7 million.

Likewise, the CUB Water and Sewer Fund's overall net position decreased by \$530,804 from last fiscal year, with the change in net position related to operations for fiscal year 2015 increasing by \$317,147. This decrease was also a result of the restatement to prior fiscal year net position due to the implementation of GASB Statements No. 68 and 71. Their net investment in capital assets increased by \$821,772 from fiscal year 2014.

**Fiduciary Funds.** The CUB Employees' Pension Fund is reported in the fiduciary funds statements. CUB's defined benefit plan consists of contributions for eligible employees of CUB Electric and Water and Sewer Departments. The employer contribution rates for fiscal year 2014, 2015 and estimated for 2016 are 23.06%, 23.25% and 17.17 %, respectively. CUB's Pension Fund is being funded as calculated by the actuary and is currently funded at 60.47% (net position as a percentage of total pension liability).

## GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budgeted expenditures for the General Fund was an increase of \$1,869,583. The following are the primary components of the increase:

- Public safety's increase of \$197,585 was mainly for increased personnel costs, insurance costs and for operations and maintenance of vehicles.
- Economic development's increase of \$789,755 was mainly for the recording of a donation of land that the City held as an asset for resale.
- The capital outlay increase of \$966,648 was for capital projects in general government, public safety, public works, and recreation. Most of the funding for these projects was from committed funds.

Except for the capital outlay increase, the increases were funded mainly with additional anticipated revenues.

Actual General Fund revenues exceeded final budgeted revenues by \$460,162. This was mainly due to increased collections of current year property taxes, State and local sales taxes, state income taxes, and a \$100,000 donation that has been reserved for a future fire station.

Actual General Fund expenditures were lower than final budgeted expenditures by \$323,609. This variance was mainly due to anticipated capital outlay projects not being completed and general savings throughout many departments.

## GENERAL PURPOSE SCHOOL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budgeted expenditures for the General Purpose School Fund was an increase of \$146,104. This was mainly for salaries, capital outlays, other charges, and contracted services. The funding for these additional appropriations was mainly from assigned fund balance and increased revenues.

Actual General Purpose School Fund revenues exceeded final budgeted revenues by only \$14,601. This variance was mainly due to the increase in miscellaneous state education funding revenues.

Actual General Purpose School Fund expenditures were lower than final budgeted expenditures by \$303,987. This was mainly due to salary and benefit costs being lower than anticipated and general savings throughout all departments.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the preparation of the fiscal year 2016 budget, the following major assumptions were used:

- The costs associated with three school resource officers which had previously been shared equally by the City and the City School System will be funded fully by the City General Fund at an estimated cost of \$71,000.
- The costs associated with three fireman which had previously been covered by a FEMA SAFER grant, will be funded fully by the City General Fund at a cost of approximately \$186,000.
- A property tax increase is included, which was estimated to increase property tax revenues by \$481,000.
- Salaries and wages for employees will increase by 2.0%.
- Employee health insurance benefit costs are budgeted with a 20% increase; employee on-the-job injury insurance and life insurance with a 5% increase.
- Liability insurance premiums are budgeted with a 10.0% increase.
- Four employee positions are added in Public Safety at an approximate cost of \$200,000.

- For over a decade, the City used lending institutions for short-term financing by issuing tax anticipation notes to finance operations until property tax revenues were received. The majority of tax revenue is received between the months of October and February of each fiscal year. For the fifth consecutive year, the City will not issue tax anticipation notes.

## REQUESTS FOR INFORMATION

This MD&A and accompanying financial statements and notes are designed to provide our citizens, parents, students, employees, creditors, and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact:

Gail D. Cook, CPA, CGFM  
Finance Director  
City of Clinton, Tennessee  
100 N. Bowling Street  
Clinton, Tennessee 37716  
865.457.0424  
Email: [gcook@clintontn.net](mailto:gcook@clintontn.net)

# **Basic Financial Statements**

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF NET POSITION**

June 30, 2015

	Primary Government			Component Unit
	Governmental	Business-type	Total	Emergency
	Activities	Activities		Communications District
<b>Assets</b>				
Cash and cash equivalents	\$ 8,158,410	\$ 11,011,185	\$ 19,169,595	\$ 228,433
Investments	13,113	0	13,113	0
Investments - restricted	10,130	0	10,130	0
Accounts receivable	115,969	501,366	617,335	0
Accounts receivable - customers (Net of allowance for uncollectible electric accounts of \$243,595)	0	7,313,722	7,313,722	0
Unbilled revenues	0	1,414,477	1,414,477	0
Net pension asset	179,970	0	179,970	0
Due from other governments	2,996,397	0	2,996,397	340,241
Property taxes receivable (Net of allowance for uncollectible accounts of \$45,746)	3,160,350	0	3,160,350	0
Inventories	10,533	1,682,161	1,692,694	0
Prepaid items	17,754	576,245	593,999	0
Capital assets - net of accumulated depreciation:				
Land	1,133,718	373,526	1,507,244	0
Construction in progress	0	1,586,039	1,586,039	0
Plant, buildings and equipment, net	9,446,225	92,061,490	101,507,715	78,400
Infrastructure, net	1,609,660	0	1,609,660	0
Receivable - TVA Residential Energy Services Program	0	1,222,366	1,222,366	0
Land and improvements held for sale	0	28,125	28,125	0
Total assets	<u>26,852,229</u>	<u>117,770,702</u>	<u>144,622,931</u>	<u>647,074</u>
<b>Deferred outflows of resources</b>				
Deferred outflows - pension contributions after measurement date	926,657	1,440,000	2,366,657	0
Deferred outflows - pension changes in experience and other	80,076	668,828	748,904	0
Total deferred outflows of resources	<u>1,006,733</u>	<u>2,108,828</u>	<u>3,115,561</u>	<u>0</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF NET POSITION**

(Continued)

**June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emergency Communications District
<b>Liabilities</b>				
Accounts payable	391,843	7,474,173	7,866,016	986
Accrued liabilities	652,611	265,805	918,416	0
Due to other governments	16,805	0	16,805	0
Customer deposits	0	2,989,407	2,989,407	0
Accrued interest payable	85,437	88,811	174,248	0
Unearned revenue	2,000	0	2,000	0
Other current liabilities	6,400	0	6,400	0
Bonds, notes and loans payable:				
Due within one year	883,000	1,680,000	2,563,000	0
Due in more than one year	10,240,000	8,150,000	18,390,000	0
Other Long-term liabilities:				
Due within one year	586,156	745,000	1,331,156	0
Due in more than one year	1,525,440	8,305,862	9,831,302	0
Total liabilities	<u>14,389,692</u>	<u>29,699,058</u>	<u>44,088,750</u>	<u>986</u>
<b>Deferred inflows of resources</b>				
Deferred current property taxes	4,791,731	0	4,791,731	0
Deferred inflows - pension changes in actuarial experience	186,991	0	186,991	0
Deferred inflows - pension changes in investment earnings	2,551,133	455,494	3,006,627	0
Total deferred inflows of resources	<u>7,529,855</u>	<u>455,494</u>	<u>7,985,349</u>	<u>0</u>
<b>Net position</b>				
Net investment in capital assets	3,840,603	84,191,055	88,031,658	78,400
Restricted for:				
General government	3,000	0	3,000	0
Capital projects	100,000	0	100,000	0
Economic development	441,010	0	441,010	0
Public safety	20,161	0	20,161	0
Recreation	6,950	0	6,950	0
Education	52,352	0	52,352	0
Unrestricted	1,894,937	5,533,923	7,428,860	567,688
Total net position	<u>\$ 6,359,013</u>	<u>\$ 89,724,978</u>	<u>\$ 96,083,991</u>	<u>\$ 646,088</u>

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

**CITY OF CLINTON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

Function/Programs Primary government:	Program Revenues						Net (Expense) Revenue and Changes in Net Position			Component Unit Emergency Communications District
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total	
			Operating Grants and Contributions	Capital Grants and Contributions						
Governmental activities:										
General government	\$ 1,133,441	\$ 524,260	\$ 0	\$ 0	\$ 0	\$ (609,181)	\$ 0	\$ (609,181)	\$ 0	
Public safety	4,541,455	107,766	260,856	100,000	0	(4,072,833)	0	(4,072,833)	0	
Public works	1,822,563	0	289,166	0	0	(1,533,397)	0	(1,533,397)	0	
State street aid-street lighting	300,602	0	259,820	0	0	(40,782)	0	(40,782)	0	
Culture and recreation	1,502,682	256,360	9,590	3,504	0	(1,233,228)	0	(1,233,228)	0	
Economic development	855,733	0	16,583	0	0	(839,150)	0	(839,150)	0	
Interest on long-term debt	351,519	0	0	0	0	(351,519)	0	(351,519)	0	
Education	8,010,886	71,225	5,197,652	8,133	0	(2,733,876)	0	(2,733,876)	0	
Total governmental activities	18,518,881	959,611	6,033,667	111,637	0	(11,413,966)	0	(11,413,966)	0	
Business-type activities:										
Clinton Utilities Board-Electric Dept.	75,300,764	78,540,988	0	0	0	0	3,240,224	3,240,224	0	
Clinton Utilities Board-Water and Sewer Dept.	4,355,580	4,433,235	0	226,100	0	0	303,755	303,755	0	
Total business-type activities	79,656,344	82,974,223	0	226,100	0	0	3,543,979	3,543,979	0	
Total primary government	\$ 98,175,225	\$ 83,933,834	\$ 6,033,667	\$ 337,737	0	(11,413,966)	3,543,979	(7,869,987)	0	
Component Units:										
Emergency Communications	\$ 161,194	\$ 20,331	\$ 196,367	\$ 9,860	0	0	0	0	65,364	
General revenues:										
Property taxes - City and County						4,428,831	0	4,428,831	0	
In-lieu of taxes-TVA						116,189	0	116,189	0	
In-lieu of taxes						423,627	0	423,627	0	
Sales taxes						4,954,701	0	4,954,701	0	
Beer and alcoholic beverage taxes						438,168	0	438,168	0	
Business taxes						313,355	0	313,355	0	
Hotel/motel taxes						187,127	0	187,127	0	
State income taxes						112,457	0	112,457	0	
Other taxes						24,525	0	24,525	0	
Investment income						14,721	36,262	50,983	37	
Miscellaneous						47,951	6,184	54,135	0	
Gain (loss) on sale or disposal of asset						2,625	0	2,625	0	
Transfers for in-lieu of taxes						1,483,904	(1,483,904)	0	0	
Total general revenues and transfers						12,548,181	(1,441,458)	11,106,723	37	
Change in net position						1,134,215	2,102,521	3,236,736	65,401	
Net position, beginning - as originally reported						7,723,219	92,067,689	99,790,908	580,687	
Prior period adjustment due to adoption of new accounting pronouncements (see Note 13)						(2,498,421)	(4,445,232)	(6,943,653)	0	
Net position, beginning - as restated						5,224,798	87,622,457	92,847,255	580,687	
Net position, ending						\$ 6,359,013	\$ 89,724,978	\$ 96,083,991	\$ 646,088	

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

**CITY OF CLINTON, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	General Fund	General Purpose School Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 6,371,904	\$ 1,651,107	\$ 135,399	\$ 8,158,410
Investments	13,113	0	0	13,113
Investments - restricted	0	10,130	0	10,130
Inventories	0	0	10,533	10,533
Prepaid items	0	17,754	0	17,754
Accounts receivable	115,969	0	0	115,969
Due from other funds	2,727	217,094	3,753	223,574
Due from other governments	927,270	2,056,356	12,771	2,996,397
Property taxes receivable (Net of allowance for uncollectible accounts of \$41,686.)	3,160,350	0	0	3,160,350
Industrial park land held for sale	419,598	0	0	419,598
Total assets	<u>\$ 11,010,931</u>	<u>\$ 3,952,441</u>	<u>\$ 162,456</u>	<u>\$ 15,125,828</u>
<b>Liabilities</b>				
Accounts payable	\$ 233,680	150,031	\$ 8,132	\$ 391,843
Accrued liabilities	114,235	477,917	60,459	652,611
Due to other funds	205,794	5,360	12,420	223,574
Due to other governments	16,805	0	0	16,805
Unearned revenues	0	2,000	0	2,000
Other current liabilities	6,400	0	0	6,400
Total liabilities	<u>576,914</u>	<u>635,308</u>	<u>81,011</u>	<u>1,293,233</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	3,135,366	1,765,577	0	4,900,943
Total deferred inflows of resources	<u>3,135,366</u>	<u>1,765,577</u>	<u>0</u>	<u>4,900,943</u>
<b>Fund balances</b>				
Nonspendable:				
Inventories and prepaids	0	17,754	10,533	28,287
Land held for sale	419,598	0	0	419,598
Restricted:				
Youth Advisory Board	1,544	0	0	1,544
21st Century Initiative	14,776	0	0	14,776
General government	3,000	0	0	3,000
Public safety	4,030	0	16,131	20,161
Recreation	6,950	0	0	6,950
Capital projects	100,000	0	0	100,000
Clinton Port Authority	5,092	0	0	5,092
Education	0	10,130	13,935	24,065
Committed:				
Capital projects	341,531	0	0	341,531
Mixed Drink Taxes - School System(s)	72,084	0	0	72,084
Assigned:				
Public safety	37,000	0	0	37,000
Capital projects	1,288,270	0	40,846	1,329,116
Education	0	1,523,672	0	1,523,672
Unassigned	5,004,776	0	0	5,004,776
Total fund balances	<u>7,298,651</u>	<u>1,551,556</u>	<u>81,445</u>	<u>8,931,652</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,010,931</u>	<u>\$ 3,952,441</u>	<u>\$ 162,456</u>	<u>\$ 15,125,828</u>

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

**CITY OF CLINTON, TENNESSEE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**June 30, 2015**

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

Ending fund balance - governmental funds	\$	8,931,652
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets	\$ 44,911,214	
Less: Accumulated depreciation	<u>(32,721,610)</u>	12,189,604

Revenues, including property taxes that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities and therefore are not included in the statement of net position.		109,212
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Long-term liabilities, including loans payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Bonds, notes and loans payable	\$ (11,123,000)	
Accrued interest	(85,437)	
Compensated absences	(2,024,320)	
Other post-employment benefit (OPEB) liability	<u>(87,277)</u>	(13,320,034)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.

Deferred outflows of resources related to pensions	1,006,733	
Deferred inflows of resources related to pensions	<u>(2,738,124)</u>	(1,731,391)

Net pension assets of the city's agent multiple-employer plan are not current financial resources and therefore are not reported in the governmental funds.		<u>179,970</u>
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Net position of governmental activities		<u><u>\$ 6,359,013</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	General Fund	General Purpose School Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes - City	\$ 2,622,559	\$ 0	\$ 0	\$ 2,622,559
Property taxes - County	0	1,836,923	0	1,836,923
In-lieu of tax payments	423,627	0	0	423,627
Local option sales taxes	3,244,616	963,796	0	4,208,412
Wholesale beer taxes	422,571	0	0	422,571
Business taxes	313,355	0	0	313,355
Franchise fees	140,569	0	0	140,569
Hotel/motel taxes	187,127	0	0	187,127
Other taxes	0	557	175	732
Licenses and permits	134,323	411	0	134,734
State sales taxes	746,289	0	0	746,289
TVA in-lieu of taxes	116,189	0	0	116,189
State income taxes	112,457	0	0	112,457
State alcoholic beverage taxes	11,087	4,511	0	15,598
State gasoline and motor fuel taxes	259,820	0	0	259,820
State city streets and transportation taxes	20,076	0	0	20,076
State excise taxes	3,717	0	0	3,717
State basic education program funding	0	4,055,000	0	4,055,000
Other state education funding	0	44,831	5,783	50,614
State grants	27,600	174,769	4,390	206,759
Federal grants	518,712	9,490	914,855	1,443,057
Charges for services	313,020	1,490	69,735	384,245
Fines, forfeitures, and court costs	248,957	0	51,106	300,063
Other revenues	135,006	37,645	2,627	175,278
<b>Total revenues</b>	<u>10,001,677</u>	<u>7,129,423</u>	<u>1,048,671</u>	<u>18,179,771</u>
<b>Expenditures</b>				
Current:				
General government	1,144,370	0	0	1,144,370
Public safety	4,328,039	0	0	4,328,039
Public works	1,439,606	0	0	1,439,606
State street aid - street lighting	300,602	0	0	300,602
Culture and recreation	1,390,817	0	0	1,390,817
Economic development	855,733	0	0	855,733
Drug enforcement	0	0	71,452	71,452
Education	0	7,153,371	1,006,330	8,159,701
Capital outlay	900,131	77,873	61,963	1,039,967
Debt service:				
Principal retirement	836,001	21,000	0	857,001
Interest charges	357,936	0	0	357,936
<b>Total expenditures</b>	<u>11,553,234</u>	<u>7,252,244</u>	<u>1,139,745</u>	<u>19,945,223</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,551,557)</u>	<u>(122,821)</u>	<u>(91,074)</u>	<u>(1,765,452)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,781,933	605,000	20,000	2,406,933
Transfers out	(625,000)	(298,029)	0	(923,029)
<b>Total other financing sources (uses)</b>	<u>1,156,933</u>	<u>306,971</u>	<u>20,000</u>	<u>1,483,904</u>
<b>Net change in fund balances</b>	<u>(394,624)</u>	<u>184,150</u>	<u>(71,074)</u>	<u>(281,548)</u>
<b>Fund balance - beginning</b>	<u>7,693,275</u>	<u>1,367,406</u>	<u>152,519</u>	<u>9,213,200</u>
<b>Fund balance - ending</b>	<u>\$ 7,298,651</u>	<u>\$ 1,551,556</u>	<u>\$ 81,445</u>	<u>\$ 8,931,652</u>

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

**CITY OF CLINTON, TENNESSEE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2015**

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

Net change in fund balances - total governmental funds	\$	(281,548)
--	----	-----------

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.

Capital assets purchased	\$ 608,228		
Proceeds from sale of capital assets	(2,625)		
Gain on disposal of assets	2,625		
Depreciation expense	<u>(934,743)</u>		
Net increase in capital assets			(326,516)

Revenues, including property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Add: deferred property taxes and other deferred revenues June 30, 2015	\$ 109,212		
Less: deferred property taxes and other deferred revenues June 30, 2014	<u>(140,133)</u>		(30,921)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However this does not have any effect on net position.

857,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable	\$ 6,416		
Change in compensated absences payable	(12,504)		
Change in other postemployment benefits liability	(24,712)		
Change in net pension liability/asset	<u>947,000</u>		<u>916,200</u>

Change in net position of governmental activities	\$	<u><u>1,134,215</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CLINTON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes - City	\$ 2,467,305	\$ 2,558,605	\$ 2,597,329	\$ 38,724
Property taxes - interest and penalties	20,000	24,200	25,230	1,030
In-lieu of tax payments	418,053	421,253	423,627	2,374
Local option sales taxes	3,135,000	3,158,000	3,244,616	86,616
Wholesale beer taxes	415,000	415,000	422,571	7,571
Business taxes	305,000	305,000	313,355	8,355
Franchise fees	130,000	130,000	140,569	10,569
Hotel/motel taxes	140,000	170,000	187,127	17,127
Licenses and permits	27,975	117,975	134,323	16,348
State sales taxes	660,800	660,800	746,289	85,489
TVA in-lieu of taxes	111,000	116,000	116,189	189
State income taxes	60,000	60,000	112,457	52,457
State alcoholic beverage taxes	12,000	12,000	11,087	(913)
State gasoline and motor fuel taxes	250,000	250,000	259,820	9,820
State city streets and transportation taxes	20,200	20,200	20,076	(124)
State excise taxes	5,000	3,700	3,717	17
State grants	31,800	31,800	27,600	(4,200)
Federal grants	206,133	519,382	518,712	(670)
Charges for services	279,700	299,300	313,020	13,720
Fines, forfeitures and court costs	160,000	247,000	248,957	1,957
Other revenues	16,500	21,300	135,006	113,706
<b>Total revenues</b>	<b>8,871,466</b>	<b>9,541,515</b>	<b>10,001,677</b>	<b>460,162</b>
<b>Expenditures</b>				
Current:				
General government	1,218,128	1,208,273	1,144,370	63,903
Public safety	4,187,232	4,384,817	4,328,039	56,778
Public works	1,548,165	1,476,565	1,439,606	36,959
Street lighting	325,000	305,000	300,602	4,398
Culture and recreation	1,428,799	1,445,849	1,390,817	55,032
Economic development	86,000	883,455	855,733	27,722
Capital outlay	20,000	978,949	900,131	78,818
Debt service	1,193,936	1,193,936	1,193,936	0
<b>Total expenditures</b>	<b>10,007,260</b>	<b>11,876,844</b>	<b>11,553,234</b>	<b>323,610</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,135,794)</b>	<b>(2,335,328)</b>	<b>(1,551,557)</b>	<b>783,771</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,761,502	1,779,502	1,781,933	2,431
Transfers out	(625,000)	(625,000)	(625,000)	0
<b>Total other financing sources (uses)</b>	<b>1,136,502</b>	<b>1,154,502</b>	<b>1,156,933</b>	<b>2,431</b>
<b>Net change in fund balances</b>	<b>708</b>	<b>(1,180,826)</b>	<b>(394,624)</b>	<b>786,202</b>
<b>Fund balance - beginning</b>	<b>7,693,275</b>	<b>7,693,275</b>	<b>7,693,275</b>	<b>0</b>
<b>Fund balance - ending</b>	<b>\$ 7,693,983</b>	<b>\$ 6,512,449</b>	<b>\$ 7,298,651</b>	<b>\$ 786,202</b>

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

**CITY OF CLINTON, TENNESSEE**  
**GENERAL PURPOSE SCHOOL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes - County	\$ 1,832,528	\$ 1,832,528	\$ 1,836,923	\$ 4,395
Local option sales taxes	964,053	964,053	963,796	(257)
Other taxes	2,400	400	557	157
Licenses and permits	400	400	411	11
State basic education program funding	4,030,000	4,055,000	4,055,000	0
Other state education funding	28,912	29,912	44,831	14,919
State alcoholic beverage taxes	58,000	5,000	4,511	(489)
State grants	174,234	176,552	174,769	(1,783)
Federal grants	10,000	10,000	9,490	(510)
Charges for services	500	500	1,490	990
Other revenues	4,500	40,477	37,645	(2,832)
<b>Total revenues</b>	<u>7,105,527</u>	<u>7,114,822</u>	<u>7,129,423</u>	<u>14,601</u>
<b>Expenditures</b>				
Current:				
Instruction	4,528,726	4,564,272	4,403,329	160,943
Support services	2,639,195	2,722,248	2,618,592	103,656
Non-instructional services	127,806	132,164	131,450	714
Capital outlay	93,400	116,547	77,873	38,674
Debt service	21,000	21,000	21,000	0
<b>Total expenditures</b>	<u>7,410,127</u>	<u>7,556,231</u>	<u>7,252,244</u>	<u>303,987</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(304,600)</u>	<u>(441,409)</u>	<u>(122,821)</u>	<u>318,588</u>
<b>Other financing sources (uses)</b>				
Transfers in	605,000	605,000	605,000	0
Transfers out	(300,400)	(300,400)	(298,029)	(2,371)
<b>Total other financing sources (uses)</b>	<u>304,600</u>	<u>304,600</u>	<u>306,971</u>	<u>(2,371)</u>
<b>Net change in fund balances</b>	0	(136,809)	184,150	320,959
<b>Fund balance - beginning</b>	<u>1,367,406</u>	<u>1,367,406</u>	<u>1,367,406</u>	<u>0</u>
<b>Fund balance - ending</b>	<u>\$ 1,367,406</u>	<u>\$ 1,230,597</u>	<u>\$ 1,551,556</u>	<u>\$ 320,959</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015**

	Business-type Activities - Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 8,518,961	\$ 2,492,224	\$ 0	\$ 11,011,185
Accounts receivable - customers (Net of allowance for uncollectible electric accounts of \$243,595)	6,929,094	384,628	0	7,313,722
Unbilled electric sales	1,414,477	0	0	1,414,477
Rent receivable	344,625	0	0	344,625
Receivables - other	122,764	33,977	0	156,741
Due from other funds	211,241	0	0	211,241
Materials and supplies inventory	1,401,088	281,073	0	1,682,161
Prepaid items	465,289	110,956	0	576,245
Total current assets	<u>19,407,539</u>	<u>3,302,858</u>	<u>0</u>	<u>22,710,397</u>
Noncurrent assets				
Capital assets - net of accumulated depreciation:				
Land	190,227	183,299	0	373,526
Construction in progress	1,410,661	175,378	0	1,586,039
Plant and equipment, net	71,245,163	20,816,327	0	92,061,490
Tennessee Valley Authority Residential Energy Services Program receivable	1,222,366	0	0	1,222,366
Land held for resale	0	0	28,125	28,125
Total noncurrent assets	<u>74,068,417</u>	<u>21,175,004</u>	<u>28,125</u>	<u>95,271,546</u>
Total assets	<u>93,475,956</u>	<u>24,477,862</u>	<u>28,125</u>	<u>117,981,943</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension contributions after measurement date	1,180,800	259,200	0	1,440,000
Deferred outflows - pension changes in experience	541,246	127,582	0	668,828
Total deferred outflows of resources	<u>1,722,046</u>	<u>386,782</u>	<u>0</u>	<u>2,108,828</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS  
 June 30, 2015**

	Business-type Activities - Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	7,280,856	193,317	0	7,474,173
Due to other funds	0	211,241	0	211,241
Accrued liabilities	265,805	0	0	265,805
Customer deposits	2,750,761	238,646	0	2,989,407
Compensated absences	669,000	76,000	0	745,000
Current portion of long-term debt	1,680,000	0	0	1,680,000
Accrued interest on long-term debt	88,811	0	0	88,811
Total current liabilities	<u>12,735,233</u>	<u>719,204</u>	<u>0</u>	<u>13,454,437</u>
Noncurrent liabilities				
Compensated absences	1,343,122	182,440	0	1,525,562
Long-term debt, less current portion	8,150,000	0	0	8,150,000
Net pension liability	4,474,138	1,054,643	0	5,528,781
Advances from Tennessee Valley Authority				
Residential Energy Services Program	1,251,519	0	0	1,251,519
Total noncurrent liabilities	<u>15,218,779</u>	<u>1,237,083</u>	<u>0</u>	<u>16,455,862</u>
Total liabilities	<u>27,954,012</u>	<u>1,956,287</u>	<u>0</u>	<u>29,910,299</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension changes in investment earnings	368,606	86,888	0	455,494
<b>Net Position</b>				
Net investment in capital assets	63,016,051	21,175,004	0	84,191,055
Unrestricted	3,859,333	1,646,465	28,125	5,533,923
Total net position	<u>\$ 66,875,384</u>	<u>\$ 22,821,469</u>	<u>\$ 28,125</u>	<u>\$ 89,724,978</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Operating revenues</b>				
Electric sales:				
Residential	\$ 40,786,138	\$ 0	\$ 0	\$ 40,786,138
General power - 50 kw and under	5,563,175	0	0	5,563,175
General power - over 50 kw	28,873,455	0	0	28,873,455
Street, athletic, and outdoor lighting	1,050,204	0	0	1,050,204
Other electric revenues	2,268,016	0	0	2,268,016
	<u>78,540,988</u>	<u>0</u>	<u>0</u>	<u>78,540,988</u>
Water and sewer sales:				
Water sales (Net of bad debt expense of \$11,493)	0	1,906,802	0	1,906,802
Sewer service charges	0	2,435,023	0	2,435,023
Other water and sewer revenues	0	91,410	0	91,410
	<u>0</u>	<u>4,433,235</u>	<u>0</u>	<u>4,433,235</u>
Total operating revenues	<u>78,540,988</u>	<u>4,433,235</u>	<u>0</u>	<u>82,974,223</u>
<b>Operating expenses</b>				
Purchased power from Tennessee Valley Authority	59,645,256	0	0	59,645,256
Transmission and distribution - electric & water	2,138,433	489,570	0	2,628,003
Source of supply	0	103,588	0	103,588
Collections - sewer	0	139,845	0	139,845
Pumping	0	522,670	0	522,670
Water treatment	0	296,720	0	296,720
Treatment and disposal - sewer	0	545,584	0	545,584
Maintenance	3,763,590	0	0	3,763,590
Provision for depreciation	4,030,398	1,064,750	0	5,095,148
Payroll taxes	377,678	100,103	0	477,781
Customer accounting	1,513,142	283,640	0	1,796,782
Sales promotion	72,740	0	0	72,740
Administrative and general	2,961,998	809,110	0	3,771,108
Total operating expenses	<u>74,503,235</u>	<u>4,355,580</u>	<u>0</u>	<u>78,858,815</u>
Operating income (loss)	<u>4,037,753</u>	<u>77,655</u>	<u>0</u>	<u>4,115,408</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Non-operating revenues (expenses)</b>				
Interest income	27,146	9,116	0	36,262
Miscellaneous income (expense)	1,908	4,276	0	6,184
Interest expense	(313,212)	0	0	(313,212)
Intergovernmental in-lieu of taxes	(484,317)	0	0	(484,317)
Total non-operating revenues (expenses)	<u>(768,475)</u>	<u>13,392</u>	<u>0</u>	<u>(755,083)</u>
Income (loss) before capital contributions and transfers	3,269,278	91,047	0	3,360,325
Capital contributions from customers	0	26,100	0	26,100
Capital contributions from state	0	200,000	0	200,000
Transfers out for in-lieu of taxes	(1,483,904)	0	0	(1,483,904)
<b>Change in net position</b>	<u>1,785,374</u>	<u>317,147</u>	<u>0</u>	<u>2,102,521</u>
<b>Net position, beginning - as originally reported</b>	68,687,291	23,352,273	28,125	92,067,689
Prior period adjustment due to adoption of new accounting pronouncements (see Note 13)	(3,597,281)	(847,951)	0	(4,445,232)
<b>Net position, beginning - as restated</b>	<u>65,090,010</u>	<u>22,504,322</u>	<u>28,125</u>	<u>87,622,457</u>
<b>Net position, ending</b>	<u>\$ 66,875,384</u>	<u>\$ 22,821,469</u>	<u>\$ 28,125</u>	<u>\$ 89,724,978</u>

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

**CITY OF CLINTON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds			
	Major Funds		Nonmajor Fund	Totals
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 78,996,614	\$ 4,525,333	\$ 0	\$ 83,521,947
Cash payments to suppliers for goods and services	(63,514,914)	(2,210,437)	0	(65,725,351)
Cash payments to employees for services	(6,823,939)	(1,055,775)	0	(7,879,714)
Net cash provided (used) by operating activities	<u>8,657,761</u>	<u>1,259,121</u>	<u>0</u>	<u>9,916,882</u>
<b>Cash flows from noncapital financing activities</b>				
Cash payment for in-lieu of taxes	(1,968,222)	0	0	(1,968,222)
Cash received from (paid to) Tennessee Valley Authority Residential Energy Services Program, net of cash received from customer loans	(4,817)	0	0	(4,817)
	<u>(1,973,039)</u>	<u>0</u>	<u>0</u>	<u>(1,973,039)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(6,415,737)	(1,921,046)	0	(8,336,783)
Interest paid	(318,260)	0	0	(318,260)
Capital contributions	0	226,100	0	226,100
Principal payments on long-term debt	(1,620,000)	0	0	(1,620,000)
Net cash used by capital and related financing activities	<u>(8,353,997)</u>	<u>(1,694,946)</u>	<u>0</u>	<u>(10,048,943)</u>
<b>Cash flows from investing activities</b>				
Interest received on investments	27,146	9,116	0	36,262
Increase in amounts due from other funds	(131,335)	0	0	(131,335)
Increase in amounts due to other funds	0	131,335	0	131,335
Net cash provided (used) by investing activities	<u>(104,189)</u>	<u>140,451</u>	<u>0</u>	<u>36,262</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,773,464)	(295,374)	0	(2,068,838)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>10,292,425</u>	<u>2,787,598</u>	<u>0</u>	<u>13,080,023</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 8,518,961</u>	<u>\$ 2,492,224</u>	<u>\$ 0</u>	<u>\$ 11,011,185</u>

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

**CITY OF CLINTON, TENNESSEE**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Electric Fund	Water and Sewer Fund	Port Authority	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 4,037,753	\$ 77,655	\$ 0	\$ 4,115,408
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	4,324,059	1,099,274	0	5,423,333
Provision for uncollectible receivables	0	0	0	0
Miscellaneous income	1,908	4,276	0	6,184
Interest on deposits (credited to customers' accounts)	(7,662)			
Decrease in accounts receivable (net of charge offs)	466,611	86,095	0	552,706
(Increase) decrease in material and supplies inventory	(18,377)	7,344	0	(11,033)
(Increase) decrease in prepaid expenses	1,039	(3,000)	0	(1,961)
Increase in deferred outflows related to pension plan	(597,195)	(121,632)	0	(718,827)
Increase in accounts payable	280,063	64,988	0	345,051
Increase in accrued expenses	14,181	13,963	0	28,144
Increase in customer deposits	34,769	1,727	0	36,496
Decrease in net pension liability	(247,994)	(58,457)	0	(306,451)
Increase in deferred inflows related to pension plan	368,606	86,888	0	455,494
Net cash provided (used) by operating activities	<u>\$ 8,657,761</u>	<u>\$ 1,259,121</u>	<u>\$ 0</u>	<u>\$ 9,924,544</u>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND**

**June 30, 2015**

	CUB Pension Plan
<b>Assets</b>	
Cash and cash equivalents	\$ 235,072
Investments, at fair value:	
Mutual funds equities	6,073,765
Mutual funds fixed income	3,811,974
Accrued interest and dividends receivable	13
	<hr/>
Total assets	10,120,824
	<hr/>
<b>Net position restricted for pensions</b>	<b>\$ 10,120,824</b>
	<hr/> <hr/>

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

**CITY OF CLINTON, TENNESSEE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND**  
**For the Fiscal Year Ended June 30, 2015**

	CUB Pension Plan
<b>Additions</b>	
Employer contributions	\$ 1,440,000
Investment earnings:	
Interest and dividends	145,555
Net appreciation in fair value of investments	57,853
Net investment earnings	203,408
Total additions	1,643,408
<b>Deductions</b>	
Annuity benefits paid	63,285
Lump sum benefits paid	454,545
Total deductions	517,830
Change in net position	1,125,578
<b>Net position restricted for pensions</b>	
Beginning of year	8,995,246
End of year	\$ 10,120,824

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

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Clinton, Tennessee (the City) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the City:

(A) Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member council. The City was incorporated in 1954 under the Constitution of the State of Tennessee (Home Rule Amendment). The City Council appoints a chief administrative officer (City Manager) to serve at their will and pleasure.

The City's financial reporting entity comprises the following:

Primary Government	City of Clinton Clinton City School System Clinton Utilities Board
Discretely Presented Component Unit	City of Clinton Emergency Communications District

The Clinton City School System and the Clinton Utilities Board were established by the City Council under the provisions of the City's Charter and are considered a part of the City of Clinton. Therefore, their financial statements are included in the City's financial report in accordance with Governmental Accounting Standards (GASB) Statement No. 14.

The Clinton City School System is managed and controlled by the Clinton Board of Education whose members are elected. The School System does not have separate corporate powers that would enable it to be separate from the City. In addition, the City Council can impose its will by approving the budget and the issuance of debt. The operations of the School System are reported as governmental activities in the government-wide financial statements. At the individual fund level the operations are divided among three special revenue funds: General Purpose School Fund (major fund), Federal Projects Fund, and Cafeteria Fund.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(A) Reporting Entity (Continued)

The Clinton Utilities Board (CUB) is managed and controlled by a board of directors who are appointed by the City Council. The CUB does not have separate corporate powers that would enable it to be separate from the City. The operations of CUB are reported as business type activities in the government-wide financial statements. At the individual fund level the operations are divided among two enterprise funds: Electric Fund and the Water and Sewer Fund.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government, as well as component units. Component units are legally separate organizations for which the elected officials of the City are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either  
a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Discretely Presented Component Unit

The City of Clinton Emergency Communications District (E911) meets the criteria for a discretely presented component unit of the City. It is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The accounting principles and policies utilized by the discretely presented component unit are the same as those of the City unless stated otherwise in the following Notes to the Financial Statements.

The City of Clinton Emergency Communications District provides a means of securing emergency services through a uniform emergency number for the residents of the City, and the City's legislative body appoints its board members and must approve all issuance of debt. The district is funded primarily through a service charge levied on telephone services.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(A) Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

Complete financial statements of the City of Clinton Emergency Communications District can be obtained at the following address:

William R. Riggs, Secretary/Treasurer  
City of Clinton Emergency Communications District  
125 W. Broad Street  
Clinton, Tennessee 37716

Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole and its component unit) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds and proprietary funds.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(A) Reporting Entity (Continued)

Basic Financial Statements (Continued)

Although they are excluded from the government-wide financial statements, separate financial statements are also provided for the fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major governmental or non-major proprietary funds.

(B) Basis of Presentation

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities.

The City reports the following major governmental funds:

*General Fund:* The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, recreation, public works, general government, etc.).

*General Purpose School Fund:* The General Purpose School Fund is a special revenue fund used to account for the general operations of the Clinton City Schools. Major funding for the General Purpose School Fund is provided by State education funds, shared revenues provided by Anderson County Government, and transfer of revenues from the General Fund.

The City reports the following major enterprise funds:

*Electric Fund:* The Electric Fund is part of the Clinton Utilities Board and is used to account for the provision of electric service to the residents of the City and surrounding areas. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(B) Basis of Presentation (Continued)

*Water and Sewer Fund:* The Water and Sewer Fund is part of the Clinton Utilities Board and is used to account for the provision of water and sewer service to the residents of the City and surrounding areas. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Additionally, the City reports the following fund types:

*Capital Projects Fund:* The Schools Capital Projects Fund is used to account for the receipt of debt and other specific revenue sources that are legally restricted to expenditure for construction and/or renovation projects.

*Pension Trust Fund:* The CUB Retirement Plan Fund accounts for the assets and the investment activities of the CUB Retirement Plan which is a defined benefit plan that accumulates resources for pension benefit payments to qualified CUB employees.

(C) Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(C) Measurement Focus and Basis of Accounting (Continued)

Property taxes are levied October 1 and revenue is recognized when collected throughout the fiscal year and within 60 days after year-end. Sales, gasoline and motor fuel, beer and liquor wholesale, room occupancy and mixed drink taxes are considered measurable at the point of sale and are recognized as revenue at that time. All other intergovernmental revenues, licenses and permits, charges for services, fines and forfeitures, and other revenues are measurable when received and are recorded as revenue at that time.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal ongoing operating revenues of the City's enterprise funds are charges to customers for sales and services provided. Operating expenses for enterprise funds include the costs 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.

In the fund financial statements, financial transactions are organized on the basis of funds. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

(D) Budgets and Budgetary Accounting

The budgets for all governmental funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. All annual appropriations lapse at fiscal year-end.

The city is required by state statutes and the City's charter to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures.

General Government

Prior to May 1, the City Manager submits a proposed operating budget to the City Council. After a public hearing, the budgets for all governmental funds are legally

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(D) Budgets and Budgetary Accounting (Continued)

General Government (Continued)

enacted through passage of an ordinance by City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.

City School System

Prior to the beginning of the fiscal year, a budget for all school funds is prepared by management of the School System and approved by the Clinton Board of Education. The approved budget is then forwarded to the City Manager and included with the City's budget proposal to Council and adopted as part of the City's budget ordinance. Expenditures may not exceed appropriations at the fund level.

Clinton Utilities Board

The Clinton Utilities Board approves a budget of projected revenues and expenses for the Electric Fund and the Water and Sewer Fund. These enterprise funds' budgets are not an appropriation since they are proprietary-type funds that are supported by user charges.

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit with various financial institutions, and deposits in the State of Tennessee's Local Government Investment Pool (LGIP). The LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As allowed by Rule 2a7, the amount stated is based on the LGIP share price. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(E) Cash and Cash Equivalents (Continued)

For purposes of the Statement of Cash Flows, the City considers all highly-liquid debt instruments, including certificates of deposit, purchased with an initial maturity of three months or less to be cash and cash equivalents.

(F) Investments

Governmental Funds and Proprietary Funds

Investments, consisting of certificates of deposit and deposits in the Tennessee Local Government Investment Pool (LGIP), are stated at fair value, which approximates cost.

Fiduciary Fund – Pension Trust Fund

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

(G) Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

(H) Receivables

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1<sup>st</sup>, and is referred to as the lien date. Revenues from property taxes, however, are recognized in the period for which the taxes are levied, which for the City is October 1 of the ensuing fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred inflow of resources in the fund and government-wide financial statements.

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(H) Receivables (Continued)

period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

All trade receivables, including those of the discretely presented component unit are presented net of an allowance for uncollectible accounts.

In the Electric Fund (enterprise fund) customers are billed based on a monthly meter reading cycle. Any service rendered from the latest billing cycle date to the end of the month is unbilled and is reflected in the financial statements.

In the Water and Sewer Fund (enterprise fund) customers are billed based on a monthly meter reading cycle. Any service rendered from the latest billing cycle date to the end of the month is unbilled and is not reflected in the financial statements.

(I) Inventories and Prepaid Items

Inventories for governmental activities are presented at the lower of cost (weighted average method) or market. Inventories for business-type activities are valued at the lower of cost or market using the average cost method and consist of expendable supplies and materials. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

(J) Regulated Operations

The CUB Electric Fund is an electric utility operation regulated by Tennessee Valley Authority (TVA), an agency of the federal government. TVA exercises oversight in the rate setting process and requires the use of accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission (FERC). A specific accounting policy that is unique to FERC requires that when capital assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal costs less salvage is charged or credited

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(J) Regulated Operations (Continued)

to the accumulated depreciation account. CUB also has a power contract with TVA whereby CUB purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. CUB also participates in TVA's Residential Energy Efficiency Program which provides loans to CUB's residential customers for heat pump and insulation costs.

(K) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. For proprietary (enterprise) funds, net interest costs during construction periods are capitalized for assets acquired by the issuance of long-term debt. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Governmental Activities

Capital assets for governmental activities are defined by the City as assets with a life greater than one year and initial individual or cumulative project cost of \$5,000 or greater. General infrastructure assets acquired prior to July 1, 2002, consist of the street, sidewalk, and storm water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure	20 – 100 years
Buildings and improvements	5 – 40 years
Equipment	5 – 10 years

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(K) Capital Assets (Continued)

Business Activities

Capital assets for business-type activities are defined by the City as assets with a life greater than one year and initial individual or cumulative project cost of more than \$1,000. Interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. Interest expense, net of related interest income, on debt used to finance construction of major system improvements and extensions is capitalized when considered material.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and improvements	12.5 – 50 years
Machinery and equipment	5 – 20 years

Discretely Presented Component Unit

Capital assets for E911, which include furniture and fixtures, equipment, and communications equipment, are defined as assets with a life greater than one year and initial individual cost of \$1,000 or greater. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	5 years
Office furniture/fixtures and equipment	10 years
Buildings, improvements, and leasehold improvements	20 years

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(L) Interfund Transactions

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements of net position as internal balances. Transactions between funds that are outstanding at year-end are presented as interfund receivables and payables. These interfund transactions are expected to be liquidated within the next 12 months. In addition, these interfund receivables and payables have not been eliminated in the accompanying fund financial statements.

(M) Compensated Absences

The City accounts for compensated absences in conformity with GASB Statement No. 16 *Accounting for Compensated Absences*.

For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide and proprietary fund financial statements.

In governmental funds, a liability for compensated absences and the salary-related payments are reported only if amounts have matured, for example, as a result of employee resignations and retirements.

Governmental Activities

General Government – Employees of the City are granted annual leave in varying amounts ranging from 80 hours to 200 hours based on their length of employment. Sick leave is earned at the rate of ten hours for each completed month of service. Employees may carry over up to 160 hours of annual leave per year up to a maximum accumulation of 360 hours. Exempt personnel may be exempted from the maximum accumulation. In the event of termination of employment, an employee is paid for accumulated annual leave. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(M) Compensated Absences (Continued)

Governmental Activities (Continued)

General Government (Continued)

Sick leave is forfeited upon termination of employment prior to retirement. Upon retirement, an employee is paid for up to 1,040 hours of accumulated sick leave. Any accumulated sick leave in excess of the 1,040 hours is credited to time of employment for calculating years of service under Tennessee Consolidated Retirement System benefits. The liability for sick leave was calculated only for employees with ten or more years of service for hours up to the maximum of 1,040.

School System – Certain employees of the City School System accumulate vacation benefits and may carry over unused vacation benefits at a maximum of double the number of days allotted annually. Employees resigning and giving reasonable notice will receive payment for accrued vacations as of the date of resignation. Certified personnel do not earn vacation benefits.

Sick pay is forfeited upon termination of employment prior to retirement. Upon retirement, any accumulated sick leave is credited to time of employment for retirement benefit purposes of certified personnel. There is no liability for unpaid accumulated sick leave since the City School System does not have a policy to pay any amounts when employees separate from service.

Business-type Activities

Electric Fund and Water and Sewer Fund – Employees of the Clinton Utilities Board accrue personal leave, based on length of employment, on a monthly basis. All personal leave is fully vested as it accrues. Employees may accumulate a maximum of 100 days of personal leave. In the event of termination of employment or retirement, any unused personal leave is paid to the employee.

Under a new leave plan instituted by Clinton Utilities Board on July 1, 2005, employees ceased accruing any new sick leave. Any previously accrued sick leave can be used for approved time off according to the sick leave policy standards. In the event of retirement or death, employees will be compensated for up to 120 days of accumulated sick leave, plus 10% of any sick leave in excess of the 120 days. In the event of termination of employment, all accumulated sick leave is forfeited.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(M) Compensated Absences (Continued)

Business-type Activities (Continued)

Electric Fund and Water and Sewer Fund (Continued)

A liability for accumulated sick leave has been recorded for employees age 52 and older with five years of service or more. The contingent liability for unrecorded sick leave at June 30, 2015 is approximately \$556,000 for the Electric Fund and \$8,000 for the Water and Sewer Fund.

(N) 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. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. These include pension contributions made after the net pension liability measurement date and pension changes in actuarial experience.

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 City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide and proprietary funds Statements of Net Position and the governmental funds balance sheet. These items are from current and delinquent property taxes, pension changes in investment earnings, pension changes in actuarial experience, and various receivables for revenue 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.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(O) Pensions

Governmental Activities

General Government and School System Non-Certified Employees - 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 Clinton's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Clinton'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.

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

Business-type Activities

Electric Fund and Water and Sewer Fund – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Clinton Utilities Board Pension Plan (“the Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(P) Postemployment Benefits

The City follows the provisions of GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* and Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*.

(Q) Long-Term Liabilities

In the government-wide financial statements and the 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. Debt issuance costs are expensed in the period incurred. Bonds payable are reported net of the applicable bond premiums or discount.

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

(R) Net Position and Fund Balance

In the government-wide financial statement equity is classified as net position and may be displayed in the following components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(R) Net Position and Fund Balance (Continued)

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. These classifications may consist of the following:

- a. Nonspendable fund balance - Includes amounts that cannot be spent because they are either 1) not in spendable form (i.e., prepaid items or inventories); or 2) legally or contractually required to be maintained intact.
- b. Restricted fund balance – Includes amounts that have constraints imposed on the use of the resources either 1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed fund balance – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the City’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- d. Assigned fund balance – Includes amounts that are constrained by City Council’s or Board of Education’s (School Funds) intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education gives the Director of Schools the authority to assign fund balance for School Funds. Assigned fund balances include all remaining amounts (except deficit fund balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.
- e. Unassigned fund balance – The residual classification of the general fund. It is also used to report deficit fund balances in other governmental funds.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(R) Net Position and Fund Balance (Continued)

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 committed, assigned or unassigned fund balance amounts are available for use, in accordance with GAAP, committed amounts will be used first, followed by assigned amounts, and then unassigned amounts as they are needed.

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of the general fund, a fund balance policy has been approved by City Council. A minimum Unassigned Fund Balance level equal to 20% of general fund expenditures was established. At June 30, 2015 the Unassigned Fund Balance of the General Fund was 41.1% of general fund expenditures for fiscal year end 2015.

(S) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included the following at June 30:

Governmental Activities:

Governmental Activities:

General Fund	Drug Enforcement Fund	School Capital Projects Fund	General Purpose School Fund	School Federal Projects Fund	School Cafeteria Fund	Total
\$ 6,371,904	\$ 17,232	\$ 40,846	\$ 1,651,107	\$ 30,203	\$ 47,118	\$ 8,158,410

Business-Type Activities:

Electric Fund:

Operations	Debt	Self-Insured Insurance	Storm Contingency	CSA Deposit	Total
\$ 4,239,591	\$ 3,377,939	\$ 630,324	\$ 257,379	\$ 13,728	\$ 8,518,961

Water and Sewer Fund:

Operations	Repair and Extension	Total
\$ 2,282,220	\$ 210,004	\$ 2,492,224

Component Unit:

Emergency Communications District:

Operations
\$ 228,433

**3. DEPOSITS AND INVESTMENTS**

The investment policies of the City, City of Clinton School System, and Clinton Utilities Board follow state law which outlines authorized municipal government investments in Tennessee Code Annotated (TCA) section 6-56-106. Investment options include obligations of the U.S. Treasury, Federal Agency debt obligations, certificates of deposit and deposits in the Tennessee Local Government Investment Pool (LGIP). At June 30, 2015, all of the City's deposits were held in financial institutions fully insured by the Federal Depository Insurance Corporation (FDIC) or in banks that participate in the

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**3. DEPOSITS AND INVESTMENTS** (Continued)

Tennessee Bank Collateral Pool administered by the Treasurer’s Office of the State of Tennessee.

The City’s investments at fiscal year-end 2015 were in the State of Tennessee Local Government Investment Pool (LGIP) and Certificates of Deposit. The responsibility for conducting the LGIP’s investment program resides with the State Treasurer and investments are made in instruments authorized by *Tennessee Code Annotated* Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City’s investments held by the LGIP at fiscal year-end 2015 is based on the LGIP share price. Certificates of deposit are held in financial institutions fully insured by the FDIC or in banks that participate in the Tennessee Bank Collateral Pool administered by the Treasurer’s Office of the State of Tennessee.

As of June 30, 2015, the City had the following investments:

	<u>Fair Value/ Carrying Value</u>
State of Tennessee LGIP	\$ 13,113
Certificates of deposit	<u>10,130</u>
Total investments	<u><u>\$ 23,243</u></u>

The \$10,130 certificate of deposit is restricted for the Ruth Foster Wright Scholarship Program for the City School System.

**Fiduciary Fund – Pension Trust Fund**

The plan’s policy in regard to the allocation of invested assets is established and may be amended by the CUB Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**3. DEPOSITS AND INVESTMENTS (Continued)**

Fiduciary Fund – Pension Trust Fund (Continued)

The following table presents the fair value of investments at June 30, 2015. Those investments which represent 5% or more of net position restricted for CUB employee pensions are separately stated.

Interest-bearing cash:	
Federated Money Market Prime Obligations	\$ 235,072
Mutual funds:	
Alliance Bernstein Growth Funds	533,827
BPV Wealth Preservation Fund	510,082
Franklin Growth Fund	986,656
JP Morgan Small Cap Value Fund	509,898
Pioneer Equity Income Fund	1,010,804
Prudential Jennison Mid-Cap Growth Fund, Inc.	511,715
Calvert Short Duration Income Fund	1,010,184
Oppenheimer International Bond R	598,359
Other (no individual fund greater than 5%)	<u>4,214,214</u>
Total	<u>\$ 10,120,811</u>

**4. PROPERTY TAXES**

(A) City Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. The revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which it is intended to finance.

Assessed values are reviewed and approved by the State of Tennessee at the following rates of assumed market value:

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

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**4. PROPERTY TAXES (Continued)**

(A) City Property Taxes (Continued)

The last reappraisal was completed as of January 1, 2015. The assessed value for tax year 2014 was \$338,605,521. The appraised value was \$1,083,401,218, making the total assessed value approximately 31% of the total appraised value.

Taxes were levied at a rate of \$.76 per \$100 of assessed value. Taxes are due October 1 (levy date) and become delinquent on February 1 each tax year. Current tax collections of \$2,510,089 for the 2014 tax levy of \$2,572,091 for the fiscal year ended June 30, 2015 were approximately 97.6%.

Property taxes levied for 2014 and prior years, but uncollected as of June 30, 2015, are recorded as receivables, net of estimated uncollectible based upon collections in prior years. The taxes collected during the fiscal year ended June 30, 2015, and those taxes collected in the subsequent 60 days, are recognized as revenues in the fiscal year ended June 30, 2015. All other taxes are recorded as deferred inflow of resources.

Property taxes to be levied for 2015 are recorded as receivables and deferred inflows of resources.

(B) County Property Taxes

In accordance with various state laws, the Schools receive a pro-rata share of property taxes, local option sales taxes, and mineral severance taxes from Anderson County Government. These local taxes are divided between Clinton City Schools, Oak Ridge Schools, and Anderson County Schools based upon the annual weighted-average daily attendance.

The County assesses the property values, sets the tax rate, bills and collects the taxes. County property taxes are assessed, levied, and billed in the same manner as the City's property taxes.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of June 30, 2015, were:

	Due From Other Funds	Due To Other Funds
<b>Governmental Activities</b>		
General Fund	\$ 2,727	\$ 205,794
Special Revenue Funds:		
Drug Enforcement Fund	0	1,121
General Purpose School Fund	217,094	5,360
Central Cafeteria Fund	0	11,299
Federal Projects Fund	3,753	0
	\$ 223,574	\$ 223,574
<b>Business-Type Activities</b>		
CUB Electric Fund	\$ 211,241	\$ 0
CUB Water and Sewer Fund	0	211,241
	\$ 211,241	\$ 211,241

These balances resulted from the time lag between the dates that interfund goods and services were provided or reimbursable expenditures occurred and payments were made. Balances are usually cleared on a monthly basis.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**6. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2015 consist of the following:

Due To Fund	Other Government	Description	Amount
General	State of Tennessee	State shared revenues	\$ 305,909
General	State of Tennessee	Various grants	16,583
General	Anderson County	Local option sales tax	604,778
			<u>927,270</u>
General Purpose School	State of Tennessee	Education pass-thru revenues	1,714
General Purpose School	Anderson County	Local option sales tax	246,910
General Purpose School	Anderson County	Property taxes	1,772,966
General Purpose School	Anderson County	Various pass-thru revenues	34,766
			<u>2,056,356</u>
Federal Projects	State of Tennessee	Education pass-thru revenues	9,070
Cafeteria	State of Tennessee	Education pass-thru revenues	2,582
Drug Enforcement	Federal Government	Various grants	1,119
			<u>\$2,996,397</u>

**7. CONSTRUCTION COMMITMENTS**

The government has active construction projects as of June 30, 2015. The projects are all in the water and sewer department of CUB. At year end the government's business-type activities commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
CUB Aeration System Improvements	\$ 755,225	\$ 69,750
CUB Backwash Pump Basin Improvements	150,360	36,414

The remaining commitment amount of \$106,164 for the water and sewer improvements will be funded by the CUB Water and Sewer Fund.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**8. LEASED FACILITIES**

The Clinton Utilities Board has certain lease agreements that provide for the joint use of the Electric Department's distribution facilities by other utilities and certain customers. In 2015, rental revenues from these lease agreements amounted to \$1,346,271 and rental expenses applicable to these agreements amounted to \$121,045.

**9. CAPITAL ASSETS**

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

Primary Government

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,133,718	\$ 0	\$ 0	\$ 1,133,718
Work in progress	432,321	0	432,321	0
Total capital assets not being depreciated	<u>1,566,039</u>	<u>0</u>	<u>432,321</u>	<u>1,133,718</u>
Capital assets being depreciated:				
Buildings and improvements	18,666,651	539,207	0	19,205,858
Machinery and equipment	5,653,449	501,341	48,132	6,106,658
Infrastructure	18,464,979	0	0	18,464,979
Total capital assets being depreciated	<u>42,785,079</u>	<u>1,040,548</u>	<u>48,132</u>	<u>43,777,495</u>
Less accumulated depreciation for:				
Buildings and improvements	10,997,440	386,080	0	11,383,520
Machinery and equipment	4,144,835	386,068	48,132	4,482,771
Infrastructure	16,692,725	162,594	0	16,855,319
Total accumulated depreciation	<u>31,835,000</u>	<u>934,742</u>	<u>48,132</u>	<u>32,721,610</u>
Total capital assets being depreciated, net	<u>10,950,079</u>	<u>105,806</u>	<u>0</u>	<u>11,055,885</u>
Governmental activities capital assets, net	<u>\$ 12,516,118</u>	<u>\$ 105,806</u>	<u>\$ 432,321</u>	<u>\$ 12,189,603</u>

Depreciation expense was charged to functions of the governmental activities of the primary government as follows:

General government	\$ 25,569
Public safety	309,147
Public works	252,941
Culture and recreation	132,318
Education	214,767
Total depreciation expense	<u>\$ 934,742</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**9. CAPITAL ASSETS (Continued)**

**Primary Government (Continued)**

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Electric System:				
Land and land rights	\$ 190,227	\$ 0	\$ 0	\$ 190,227
Construction in progress	1,595,629	0	184,968	1,410,661
Water System:				
Land and land rights	128,049	0	0	128,049
Construction in progress	231,137	0	188,212	42,925
Sewer System:				
Land and land rights	55,250	0	0	55,250
Construction in progress	252,962	0	120,509	132,453
Total capital assets not being depreciated	<u>2,453,254</u>	<u>0</u>	<u>493,689</u>	<u>1,959,565</u>
Capital assets being depreciated:				
Electric System:				
Distribution equipment	104,773,690	4,744,464	992,932	108,525,222
Machinery, equipment, and vehicles	8,191,737	1,231,651	719,985	8,703,403
Water System:				
Pumping and treatment	4,491,099	382,200	0	4,873,299
Transmission and distribution	10,208,873	426,538	42,219	10,593,192
Other equipment	1,010,727	200,771	23,349	1,188,149
Sewer System:				
Collection and pumping	14,492,830	31,117	0	14,523,947
Treatment and disposal	7,291,602	1,135,149	738,808	7,687,943
Other equipment	198,384	0	0	198,384
Total capital assets being depreciated	<u>150,658,942</u>	<u>8,151,890</u>	<u>2,517,293</u>	<u>156,293,539</u>
Less accumulated depreciation:				
Electric System:				
Distribution equipment	39,411,939	3,706,739	1,627,313	41,491,365
Machinery, equipment, and vehicles	4,584,971	617,320	710,194	4,492,097
Water System:				
Pumping and treatment	2,101,345	132,520	0	2,233,865
Transmission and distribution	4,662,319	270,908	99,564	4,833,663
Other equipment	614,651	51,399	21,247	644,803
Sewer System:				
Collection and pumping	6,196,922	371,224	0	6,568,146
Treatment and disposal	4,303,181	268,913	737,557	3,834,537
Other equipment	129,263	4,310	0	133,573
Total accumulated depreciation	<u>62,004,591</u>	<u>5,423,333</u>	<u>3,195,875</u>	<u>64,232,049</u>
Total capital assets being depreciated - net	<u>88,654,351</u>	<u>2,728,557</u>	<u>(678,582)</u>	<u>92,061,490</u>
Business-type activities capital assets, net	<u>\$ 91,107,605</u>	<u>\$ 2,728,557</u>	<u>\$ (184,893)</u>	<u>\$ 94,021,055</u>

Depreciation expense was charged to business-type functions of the primary government as follows:

Electric	\$ 4,324,059
Water	454,827
Sewer	644,447
Total depreciation expense	<u>\$ 5,423,333</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**9. CAPITAL ASSETS (Continued)**

Primary Government (Continued)

Of the \$4,324,059 depreciation for the electric department, \$293,661 was either capitalized or allocated to other operating expenses. Of the \$1,099,274 depreciation for the water and sewer departments, \$34,524 was either capitalized or allocated to other operating expenses.

Discretely Presented Component Unit

Capital asset activity for E911 for the year ended June 30, 2015 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Capital assets being depreciated:				
Building improvements	\$ 41,163	\$ 0	\$ 0	\$ 41,163
Furniture and fixtures	2,310	4,971	0	7,281
Communication equipment	377,461	1,225	0	378,686
Office equipment	12,999	0	0	12,999
Total capital assets being depreciated	433,933	6,196	0	440,129
Accumulated depreciation:				
Building improvements	30,294	658	0	30,952
Furniture and fixtures	443	1,373	0	1,816
Communication equipment	298,159	19,397	0	317,556
Office equipment	10,870	535	0	11,405
Total accumulated depreciation	339,766	21,963	0	361,729
Total capital assets, net	\$ 94,167	\$ (15,767)	\$ 0	\$ 78,400

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**10. BONDS, NOTES AND LOANS PAYABLE**

The following is a summary of changes in long-term debt for the City for the year ended June 30, 2015:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
Long-term debt					
General obligation refunding bonds	\$ 8,363,000	\$ 0	\$ 592,000	\$ 7,771,000	\$ 609,000
Other loans payable:					
TN Municipal Bond Fund	2,970,000	0	196,000	2,774,000	204,000
State Energy Efficiency loans	42,000	0	21,000	21,000	21,000
Capital outlay notes	605,000	0	48,000	557,000	49,000
Total long-term debt - Governmental Activities	<u>\$ 11,980,000</u>	<u>\$ 0</u>	<u>\$ 857,000</u>	<u>\$ 11,123,000</u>	<u>\$ 883,000</u>
<b>Business-type Activities:</b>					
Long-term debt					
Revenues bonds	\$ 5,375,000	\$ 0	\$ 525,000	\$ 4,850,000	\$ 550,000
Revenue and tax refunding bonds	1,975,000	0	625,000	1,350,000	650,000
Revenue and tax capital outlay notes	4,100,000	0	470,000	3,630,000	480,000
Total long-term debt - Business-type Activities	<u>\$ 11,450,000</u>	<u>\$ 0</u>	<u>\$ 1,620,000</u>	<u>\$ 9,830,000</u>	<u>\$ 1,680,000</u>

**Governmental Activities**

Bonds and loans outstanding at June 30, 2015 consist of the following:

Loan agreement with the Public Building Authority of the City of Clarksville, Tennessee for \$3,500,000 dated April 28, 2011, interest due semi-annually at a taxable interest rate of 4.15%, principal due annually on April 1 through 2026 in amounts ranging from \$204,000 to \$307,000.	\$ 2,774,000
General obligation refunding bonds for \$8,938,000 dated June 28, 2013, interest due semi-annually at a rate of 2.60%, principal due annually on April 1 through 2026 in amounts ranging from \$609,000 to \$813,000.	7,771,000
School improvement capital outlay notes for \$650,000 dated January 3, 2013, interest due semi-annually at a rate of 2.85%, principal due annually on February 1 in amounts ranging from \$49,000 to \$63,000.	557,000
Local Government Energy Efficiency Loan, through the Tennessee Department of Economic and Community Development for \$147,000 dated October 30, 2008, zero interest, principal due annually on December 15 through 2015 in the amount of \$21,000.	<u>21,000</u>
Total bonds and loans payable	<u>\$ 11,123,000</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**10. BONDS, NOTES AND LOANS PAYABLE (Continued)**

Business-type Activities

Bonds and loans outstanding at June 30, 2015 consist of the following:

Electric System Revenue Bonds, Series 2006, for \$4,900,000 dated September 25, 2006, interest due semi-annually at a rate of 3.78%, principal due annually on October 1 through 2021 in amounts ranging from \$350,000 to \$500,000	\$ 3,000,000
Electric System Revenue Bonds, Series 2007, for \$3,000,000 dated August 2, 2007, interest due semi-annually at a rate of 4.12%, principal due annually on October 1 through 2022 in amounts ranging from \$200,000 to \$250,000.	1,850,000
Electric System Revenue and Tax Refunding Bonds, Series 2012, for \$3,150,000 dated January 9, 2012, interest due semi-annually at a rate of 1.97%, principal due annually on October 1 through 2016 in amounts ranging from \$650,000 to \$700,000.	1,350,000
Electric System Revenue and Tax Capital Outlay Notes, Series 2012, for \$5,000,000 dated January 10, 2012, interest due semi-annually at a rate of 2.09%, principal due annually on January 15 through 2022 in amounts ranging from \$480,000 to \$560,000.	<u>3,630,000</u>
Total bonds and notes payable	<u>\$ 9,830,000</u>

The revenue bond issuances, Series 2006 and 2007 are payable solely from and secured by the income and revenues from the operation of the electrical distribution system, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said system. A debt service coverage ratio is not required by either of these bond covenants.

The Series 2012 revenue and tax refunding bond issuance is secured by a pledge of the income and revenues to be derived from the operation of the electrical distribution system, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. In the event of a deficiency in these revenues from the electrical distribution system, the bond is payable from property tax revenues of the City.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**10. BONDS, NOTES AND LOANS PAYABLE (Continued)**

Business-type Activities (Continued)

The Series 2012 revenue and tax capital outlay note is payable from funds of the Utilities Board legally available and to the extent necessary from property tax revenues of the City.

Principal and Interest Requirements

The annual requirements for debt service as of June 30, 2015 are as follows:

Fiscal Years Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 883,000	\$ 333,042	\$ 1,680,000	\$ 274,889	\$ 2,563,000	\$ 607,931
2017	890,000	307,345	1,765,000	229,623	2,655,000	536,968
2018	918,000	280,779	1,130,000	189,093	2,048,000	469,872
2019	948,000	253,355	1,170,000	153,684	2,118,000	407,039
2020	979,000	224,995	1,230,000	116,503	2,209,000	341,498
2021 - 2025	5,385,000	665,433	2,855,000	118,926	8,240,000	784,359
2026	1,120,000	33,879	0	0	1,120,000	33,879
Totals	<u>\$ 11,123,000</u>	<u>\$ 2,098,828</u>	<u>\$ 9,830,000</u>	<u>\$ 1,082,718</u>	<u>\$ 20,953,000</u>	<u>\$ 3,181,546</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**11. OTHER LONG-TERM LIABILITIES**

Changes in other long-term liabilities for the year ended June 30, 2015 are as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,011,815	\$ 590,953	\$ 578,448	\$ 2,024,320	\$ 586,156
Other Post Employment Benefits	62,564	24,712	0	87,276	0
Net Pension Liabilities	2,498,421 (1)	0	2,498,421	0	0
Total other long-term liabilities Governmental Activities	<u>\$ 4,572,800</u>	<u>\$ 615,665</u>	<u>\$ 3,076,869</u>	<u>\$ 2,111,596</u>	<u>\$ 586,156</u>
Business-type Activities:					
Compensated Absences	\$ 2,158,286	\$ 905,017	\$ 792,741	\$ 2,270,562	\$ 745,000
Advances from Tennessee Valley Authority Residential Energy Services Program	1,330,554	250,085	329,120	1,251,519	0
Net Pension Liabilities	4,445,232 (1)	1,083,549	0	5,528,781	0
Total other long-term liabilities Business-type Activities	<u>\$ 7,934,072</u>	<u>\$ 2,238,651</u>	<u>\$ 1,121,861</u>	<u>\$ 9,050,862</u>	<u>\$ 745,000</u>

(1) The June 30, 2014 balance is a prior period adjustment due to the implementation of GASB Statements No. 68 and No. 71 as described in Note 13.

The City uses the General Fund and General Purpose School Fund to liquidate the liability for compensated absences payable for governmental activities. The Electric Fund and the Water and Sewer Fund are used to liquidate the liability for compensated absences payable for business-type activities. Compensated absences are considered a liability based upon the prior years' experience of paying these amounts within the current period.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**12. NET POSITION**

Net position represents the difference between assets and liabilities. A summary of net position at June 30, 2015 follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets		
Net property, plant and equipment in service	\$ 12,189,603	\$ 94,021,055
Less: Bonds and loans payable	<u>(8,349,000)</u>	<u>(9,830,000)</u>
	<u>3,840,603</u>	<u>84,191,055</u>
Restricted for capital projects	100,000	0
Restricted for general government:		
Contributions restricted for general purposes	3,000	0
Restricted for economic development:		
Land held for sale	419,598	0
Clinton Port Authority Contribution	5,092	0
Contributions restricted to Youth Advisory Board	1,544	0
Contributions restricted to 21st Century Initiative	<u>14,776</u>	<u>0</u>
	<u>441,010</u>	<u>0</u>
Restricted for public safety:		
Sexual offender registration revenues restricted	2,530	0
Contributions restricted for public safety	1,500	0
Restricted for drug enforcement	<u>16,131</u>	<u>0</u>
	<u>20,161</u>	<u>0</u>
Restricted for recreation:		
Contributions restricted for recreation events	<u>6,950</u>	<u>0</u>
Restricted for education:		
Restricted for food service	24,468	0
Restricted for general purposes	17,754	0
Restricted for scholarships	<u>10,130</u>	<u>0</u>
	<u>52,352</u>	<u>0</u>
Unrestricted	<u>1,894,937</u>	<u>5,533,923</u>
TOTAL	<u>\$ 6,359,013</u>	<u>\$ 89,724,978</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**13. RESTATEMENT – PRIOR PERIOD ADJUSTMENT – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

In prior years, the City was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statements No. 68 and No. 71, government employers are required to recognize a net pension asset or liability in their Statement of Net Position. Therefore, a restatement to decrease the City's beginning net position totaling \$6,943,653 has been recognized in the Statement of Activities. The following tables describe the components of the restatement to beginning net position as of July 1, 2014:

Governmental Activities

Deferred outflows of resources:

Pension contributions made subsequent to the measurement date of the beginning net pension liability - TCRS Public Employee Retirement Plan	\$ 566,666
Pension contributions made subsequent to the measurement date of the beginning net pension liability - TCRS Teacher Legacy Pension Plan	361,483
Net pension liability - TCRS Public Employee Retirement Plan	(1,765,509)
Net pension liability - TCRS Teacher Legacy Pension Plan	<u>(1,661,061)</u>
Restatement - Beginning Net Position	<u><u>\$ (2,498,421)</u></u>

Business-type Activities

	Electric Fund	Water Fund	Total
Deferred outflows of resources:			
Pension contributions made subsequent to the measurement date of the beginning net pension liability - Clinton Utilities Board Pension Plan	\$ 1,124,851	\$ 265,149	\$ 1,390,000
Net pension liability - Clinton Utilities Board Pension Plan	<u>(4,722,132)</u>	<u>(1,113,100)</u>	<u>(5,835,232)</u>
Restatement - Beginning Net Position	<u><u>\$ (3,597,281)</u></u>	<u><u>\$ (847,951)</u></u>	<u><u>\$ (4,445,232)</u></u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS**

(A) CITY OF CLINTON

This plan includes all employees of the City of Clinton as well as non-certified personnel of the Clinton School System.

General Information about the Pension Plan

*Plan description.* Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(A) CITY OF CLINTON (Continued)

General Information about the Pension Plan (Continued)

*Employees covered by benefit terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	87
Active employees	<u>138</u>
	<u>297</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the City were \$571,107 based on a rate of 10.96 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(A) CITY OF CLINTON (Continued)

Net Pension Liability (Asset) (Continued)

Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
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Cost-of-Living Adjustment	2.5 percent
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Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four scores of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(A) CITY OF CLINTON (Continued)

Net Pension Liability (Asset) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees at 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(A) CITY OF CLINTON (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/13</b>	\$ 17,768,620	\$ 16,003,111	\$ 1,765,509
<b>Changes for the year:</b>			
Service cost	419,068	0	419,068
Interest	1,334,154	0	1,334,154
Differences between expected and actual experience	(218,156)	0	(218,156)
Contributions - employer	0	566,666	(566,666)
Contributions - employees	0	249,070	(249,070)
Net investment income	0	2,653,871	(2,653,871)
Benefit payments, including refunds of employee contributions	(797,922)	(797,922)	0
Administrative expense	0	(5,915)	5,915
Net changes	<u>737,144</u>	<u>2,665,770</u>	<u>(1,928,626)</u>
<b>Balance at 6/30/14</b>	<u>\$ 18,505,764</u>	<u>\$ 18,668,881</u>	<u>\$ (163,117)</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
	City of Clinton net pension liability (asset)	<u>\$ 262,256</u>	<u>\$ (163,117)</u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS** (Continued)

(A) CITY OF CLINTON (Continued)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension income.* For the year ended June 30, 2015, the City recognized pension income of \$12,416.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 186,991
Net difference between projected and actual earnings on pension plan investments	0	1,162,553
Contributions subsequent to the measurement date of June 30, 2014	<u>571,107</u>	<u>0</u>
Total	<u><u>\$ 571,107</u></u>	<u><u>\$ 1,349,544</u></u>

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

CITY OF CLINTON (Continued)

The City's employer contributions of \$571,107, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2016	\$ (321,803)
2017	(321,803)
2018	(321,803)
2019	(321,803)
2020	(31,166)
Thereafter	(31,166)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$5,652 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**(B) CLINTON CITY SCHOOL SYSTEM**

Non-certified employees of the School System are provided a defined benefit pension plan as noted above under the City general plan. The following plans are only for certified personnel (teachers, principals, and administrators) of the School System.

Teacher Retirement Plan

General Information about the Pension Plan

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Clinton City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$7,356, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, Clinton City Schools did not recognize a pension expense a June 30, 2015.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Clinton City Schools reported deferred outflows of resources related to pensions from the following sources:

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Clinton City Schools' contributions subsequent to the measurement date of June 30, 2014	\$ 7,356	\$ 0

Clinton City Schools' employer contributions of \$7,356 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Payable to the Pension Plan

At June 30, 2015, Clinton City Schools reported a payable of \$1,411 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Teacher Legacy Pension Plan

General Information about the Pension Plan

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Clinton City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for proper operation and

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements** (Continued)  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS** (Continued)

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

General Information about the Pension Plan (Continued)

administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Employer contributions by Clinton City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$348,193, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension asset.* At June 30, 2014, the Clinton City Schools reported an asset of \$16,853 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Clinton City Schools' proportion of the net pension liability was based on Clinton City Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Clinton City Schools' proportion was 0.103714 percent. The proportion measured as of June 30, 2013 was 0.100937 percent.

*Pension income.* For the year ended June 30, 2015 Clinton City Schools recognized a pension income of \$7,927.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Clinton City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,915	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	1,388,580
Changes in proportion of Net Pension Liability (Asset)	39,161	0
LEA's contributions subsequent to the measurement date of June 30, 2014	<u>348,193</u>	<u>0</u>
Total	<u>\$ 428,269</u>	<u>\$ 1,388,580</u>

Clinton City Schools' employer contributions of \$348,193, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

**Year Ended June 30:**

2016	\$ (333,799)
2017	(333,799)
2018	(333,799)
2019	(333,799)
2020	13,346
Thereafter	13,346

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investment was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent.

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees at 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents Clinton City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Clinton City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Clinton City Schools' proportionate share of the net pension liability (asset)	\$ 2,842,449	\$ (16,853)	\$ (2,384,045)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(B) CLINTON CITY SCHOOL SYSTEM (Continued)

Teacher Legacy Pension Plan (Continued)

**Payable to the Pension Plan**

At June 30, 2015, Clinton City Schools reported a payable of \$24,717 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

(C) CLINTON UTILITIES BOARD

This plan includes all eligible employees of the Clinton Utilities Board.

General Information about the Pension Plan

*Plan description.* Clinton Utilities Board's (the Board) defined benefit pension plan, Clinton Utilities Board Pension Plan (the Plan), provides pensions for all eligible employees of CUB Electric Department and CUB Water and Sewer Department. The Board administers the Plan and establishes and amends all plan provisions. The Plan issues a publicly available financial report than can be obtained upon request at CUB's office. The Plan is a single-employer plan.

*Benefits provided.* The Plan provides retirement, disability and death benefits for all full time employees who are 21 years of age and have completed six months of service. The eligible employee will become a participant effective as of the July 1 coinciding with or next following date on which the employee meets the eligibility requirements. The normal retirement date is the first day of the month coinciding with or next following attainment of age 62 or 5<sup>th</sup> year of credited services, whichever is later. The monthly normal retirement benefit for the Plan participants is calculated as two percent of the participant's average monthly compensation, multiplies by the number of years of credited service up to a maximum of 30 years. The normal form of benefit paid is a single life annuity with 10 years certain. Early retirement age is the date the participant has both attained age 54 and with twenty-six years of credited service. Any participant who has attained early retirement age may elect early retirement for a reduced benefit. Benefit terms do not provide for any cost-of-living adjustments.

*Contributions.* The Board has the authority to establish and amend the contribution requirements of the Plan. The Board establishes rates based on an actuarially

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

General Information about the Pension Plan (Continued)

determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are not required to contribute to the Plan. For the year ended June 30, 2015, the Board's average contribution rate was 23.25%. For the year ended June 30, 2015, contributions to the Plan from the Electric Department were \$1,180,800 and from the Water and Sewer Department \$259,200.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2015, CUB reported a net pension liability of \$5,528,781. The Electric Department's proportionate share of the net pension liability is \$4,474,138 and the Water and Sewer Department's proportionate share of the net pension liability is \$1,054,643. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric Department and Water and Sewer Department's proportion of the net pension liability was based on the proportion of each department's actual plan contributions made during the year to total actual plan contributions made during the year. At June 30, 2014, the Electric Department's proportion was 80.92% and the Water and Sewer Department's proportion was 19.08%.

For the year ended June 30, 2015, CUB recognized pension expense of \$870,215. The Electric Department recognized \$704,217 pension expense and the Water and Sewer Department recognized \$165,998. At June 30, 2015, CUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the net pension liability measurement date	\$ 1,440,000	\$ 0
Differences between expected and actual experience	668,828	0
Differences between projected and actual earnings on pension plan investments	<u>0</u>	<u>455,494</u>
Total	<u>\$ 2,108,828</u>	<u>\$ 455,494</u>

The \$1,440,000 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2016	\$ (45,616)
2017	(45,616)
2018	(45,616)
2019	(45,664)
2020	68,248
Thereafter	327,598

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions (Continued)

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00 percent per annum
Salary increases	4.25 percent per annum
Investment rate of return	7.50 percent per annum

Mortality rates were based on the Prescribed IRS Combined Static Mortality for 2014.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined on the basis of an ongoing plan with a perpetual time horizon. For this reason, long term capital market assumptions (20+ years) are applicable to approximate future return expectations. The long-term expected rate of return on pension plan investments was determined using a modified building blocks methodology because the ability to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Large Value	11.30%	10%
Large Growth	10.63%	10%
Mid Value	13.37%	5%
Mid Growth	12.50%	5%
Small Value	12.37%	5%
Small Growth	10.85%	5%
Foreign Large Value	8.58%	3%
Foreign Large Blend	7.44%	3%
Foreign Small/Mid Value	8.58%	1%
Foreign Small/Mid Growth	6.16%	2%
Diversified Emerging Markets	9.62%	2%
Global Real Estate	10.00%	5%
Market Neutral	2.94%	3%
World Bond	6.06%	4%
High Yield Bond	8.58%	4%
Intermediate-Term Bond	6.34%	6%
Intermediate Government	5.44%	3%
Short-Term Bond	1.69%	14%
Short Government	1.46%	5%
Bank Loan	5.94%	4%
Money Market/Cash	2.94%	2%
		100%

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**14. RETIREMENT PLANS (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions (Continued)

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
CUB net pension liability	<u>\$ 7,612,636</u>	<u>\$ 5,528,781</u>	<u>\$ 3,776,901</u>

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

**15. DEFERRED COMPENSATION PLANS**

(A) CITY OF CLINTON

The City of Clinton offers its full time employees a deferred compensation plan through ING Financial Services, established pursuant to IRS Section 457. All costs of administering and funding these programs are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRS Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**15. DEFERRED COMPENSATION PLANS (Continued)**

**(B) CLINTON UTILITIES BOARD**

Clinton Utilities Board (the Board) contributes to the Clinton Utilities Board 401(k) Retirement Plan (401(k) plan), a defined contribution plan, for its eligible employees. Employees become eligible to participate after having completed six months of service and attained the age of 21. The 401(k) plan is administered by the Board.

Benefit terms, including contribution requirements, for the 401(k) plan are established and may be amended by the Board. Employees are permitted to make contributions to the 401(k) plan, up to applicable Internal Revenue Code limits to a maximum of 75% of plan compensation. For each employee in the 401(k) plan, CUB matches fifty percent of the first six percent of the employee's contributions. For the year ended June 30, 2015, employee contributions totaled \$384,195 and CUB contributed an additional \$153,497 related to the 401(k) plan.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become fully vested in employer matching contributions and earnings thereon after five years of vesting service. Forfeited non-vested amounts are used to offset plan expenses.

**16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**CITY OF CLINTON SCHOOL SYSTEM**

Postemployment health care benefits are available to permanent full-time employees. Hospitalization insurance is provided to retired employees until age 65 or until eligible for Medicare.

**Plan Description**

The City of Clinton School System participates in the state-administered Teacher Group Insurance Plan for health care benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by *Tennessee Code Annotated* (TCA), Section 8-27-302 for teachers. Prior to the age of 65, members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**16. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

CITY OF CLINTON SCHOOL SYSTEM (Continued)

pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees' or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The required contribution rate for City of Clinton School System retirees is 100%.

Annual OPEB Cost and Net OPEB Obligation

Teacher Group Insurance Plan

	FYE 6/30/15
ARC	\$ 70,000
Interest on the NOO	2,506
Adjustment to the ARC	(2,442)
Annual OPEB cost	70,064
Amount of contribution	(45,352)
Increase/decrease in NOO	24,712
Net OPEB obligation, beginning of year	62,564
Net OPEB obligation, end of year	\$ 87,276

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**16. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

CITY OF CLINTON SCHOOL SYSTEM (Continued)

Funded Status and Funding Progress

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation At Year End
6/30/2015	Teacher Group Insurance Plan	\$77,065	65%	\$87,276
6/30/2014	Teacher Group Insurance Plan	44,075	122%	62,565
6/30/2013	Teacher Group Insurance Plan	67,859	78%	72,243

The funded status of the plan as of July 1, 2015 was as follows:

	<u>Teacher Group Insurance Plan</u>
Actuarial valuation date	7/1/2014
Actuarial accrued liability (AAL)	\$ 929,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 929,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 4,007,471
UAAL as a % of covered payroll	23.18%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**16. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

CITY OF CLINTON SCHOOL SYSTEM (Continued)

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.5% initially. The rate decreases to 7.0% for fiscal year 2015 and then will reduce by decrements to an ultimate rate of 4.7% by fiscal year 2044. All rates include a 2.5% inflation assumption. The cost trend in the Medicare Supplement plan is 2.0% initially. The rate will increase to 6.0% in fiscal year 2015 and decrease incrementally to 4.2% by fiscal year 2044. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning July 1, 2007. Payroll is assumed to grow at a rate of 3.0%.

**17. BUDGET AMENDMENTS**

As approved by City Council, the following revisions were made to the original fiscal year 2015 budgeted expenditures (including transfers out) by additional appropriations for the following major governmental funds:

	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
Governmental Activities:			
General Fund	\$ 10,632,260	\$ 1,869,583	\$ 12,501,843
General Purpose School Fund	7,710,527	146,104	7,856,631

The General Fund's additional appropriations consisted primarily of \$966,000 for capital outlay expenditures funded primarily by committed funds and \$765,900 for the donation of industrial park land held for resale purposes. The remaining increase was related to

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**17. BUDGET AMENDMENTS (Continued)**

increased personnel costs and costs associated with normal operations within all the various departments of the City.

The General Purpose School Fund's additional appropriations consisted primarily of \$136,000 for an E-rate technology contract which was funded by a reduction in fund balance. The remaining increase was related to miscellaneous costs associated with normal operations within the school system.

**18. LITIGATION**

Various claims and lawsuits are pending against the City, both governmental and business-type activities; management intends to vigorously defend these complaints. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**19. RISK MANAGEMENT**

(A) CITY OF CLINTON

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all of these risks of loss.

The City maintains general liability and auto liability insurance through a public entity risk pool operated as a risk-sharing program by the Tennessee Municipal League (TML). This pool is sustained by member premiums, and because the TML pool has excess aggregate and individual claim loss insurance coverage, management considers any related risk to be insignificant. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**19. RISK MANAGEMENT (Continued)**

(A) CITY OF CLINTON (Continued)

The per occurrence deductible for the TML policies are as follows:

Comprehensive law enforcement and general liability	\$ 1,000
Errors or omission liability	2,500
Comprehensive automobile liability	1,000
Property and casualty	1,000

The City does not have a workers' compensation plan, but carries an occupational injury insurance (OJI) policy. This policy covers workers' injuries, but does not limit the City's liability should occupational-related lawsuits be filed. The per occurrence deductible for the OJI is \$10,000. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(B) CLINTON CITY SCHOOL SYSTEM

The Board of Education is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of Education purchases commercial insurance for all of these risks of loss. Settled claims have not yet exceeded this commercial coverage in any of the past three fiscal years.

(C) CLINTON UTILITIES BOARD

The Clinton Utilities Board (the Board) is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CUB purchases commercial insurance for all of these risks of loss. Settled claims have not yet exceeded this commercial coverage in any of the past three fiscal years.

The Board currently self-insures the first \$80,000 of annual medical claims for each full-time employee and their dependents. The dental coverage is also self-insured. Liabilities for unpaid claims are estimated based on prior years' experience while under a group health insurance plan and actual claims paid out during the year.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**19. RISK MANAGEMENT (Continued)**

(C) CLINTON UTILITIES BOARD (Continued)

Activity in the self-insured health and dental fund for the fiscal year ended June 30, 2015 and June 30, 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Cash balance, beginning of year	\$ 732,462	\$ 278,888
Contributions	1,567,749	1,632,906
Claims, fees and insurance premiums	<u>(1,669,887)</u>	<u>(1,179,332)</u>
Cash balance, end of year	<u>\$ 630,324</u>	<u>\$ 732,462</u>

An estimated liability is accrued monthly to provide for the risk associated with medical claims. At June 30, 2015, the accrued liability is \$47,000, which includes identified unpaid medical claims.

**20. OPERATING TRANSFERS**

Operating transfers for the year ended June 30, 2015 are as follows:

Transfers From:	<u>Transfers To:</u>			<u>Total</u>
	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Schools Capital Projects Fund</u>	
General Fund	\$ 0	\$ 605,000	\$ 20,000	\$ 625,000
General Purpose School Fund	298,029	0	0	298,029
Electric Fund	<u>1,483,904</u>	<u>0</u>	<u>0</u>	<u>1,483,904</u>
Total	<u>\$ 1,781,933</u>	<u>\$ 605,000</u>	<u>\$ 20,000</u>	<u>\$ 2,406,933</u>

The transfer from General Fund to the General Purpose School Fund was to provide maintenance of effort as approved by Council. The transfer from General Fund to the Schools Capital Projects Fund was to provide for capital projects for the City school system. The transfer from General Purpose School Fund to General Fund was for the School System's portion of debt service payments and the School System's portion of school resource officer costs. The transfer from the Electric Fund to the General Fund was for in-lieu of tax payments.

**CITY OF CLINTON, TENNESSEE**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**21. SUBSEQUENT EVENTS**

On September 28, 2015, the City entered into an Energy Efficient Schools Initiative loan agreement with the Tennessee Energy Efficient Schools Council in the amount of \$111,870. This loan will be repaid by the Clinton City School System.

**22. RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27*, became effective for the year ended June 30, 2015. This statement replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The objective of this statement is to establish standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures that are related to pension plans (See Notes 13 and 14).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* which has an effective date of June 30, 2015, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations. This Statement did not have any effect on the City's 2015 financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015. It addresses issues related to amounts of contributions made by a state and local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability (See Notes 13 and 14).

GASB Statement No. 72, *Fair Value Measurement and Application* which has an effective date of June 30, 2016, expands the disclosures related to investments. This statement will be implemented by the City in fiscal year 2016 with no expected effect to the financial statements.

# **Required Supplementary Information**

**CITY OF CLINTON, TENNESSEE**

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Based on Participation in the Public Employee Pension Plan of TCRS  
Fiscal Year ended June 30 (C)**

	2015
<b>Total Pension Liability</b>	
Service cost	\$ 419,068
Interest	1,334,154
Changes in benefit terms	0
Differences between actual and expected experience	(218,156)
Change of assumptions	0
Benefit payments, including refunds of employee contributions	(797,922)
Net change in total pension liability	737,144
Total pension liability - beginning	17,768,620
Total pension liability - ending (a)	\$ 18,505,764
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 566,666
Contributions - employee	249,070
Net investment income	2,653,871
Benefit payments, including refunds of employee contributions	(797,922)
Administrative expense	(5,915)
Net change in plan fiduciary net position	2,665,770
Plan fiduciary net position - beginning	16,003,111
Plan fiduciary net position - ending (b)	\$ 18,668,881
<b>Net Pension Liability (asset) - ending (a) - (b)</b>	\$ (163,117)
<b>Plan fiduciary net position as a percentage of total pension liability</b>	100.88%
<b>Covered-employee payroll</b>	\$ 5,019,184
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	3.25%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) The data presented includes general government employees and non-certified employees of the School System.

(C) The amounts presented were determined as of the measurement period as of June 30 of the prior fiscal year.

**CITY OF CLINTON, TENNESSEE**

**Schedule of Contributions**  
**Based on Participation in the Public Employee Pension Plan of TCRS**  
 Fiscal Year ended June 30

	2014	2015
	<u>                    </u>	<u>                    </u>
Actuarially determined contribution	\$ 566,666	\$ 571,107
Contributions in relation to the actuarially determined contribution	<u>566,666</u>	<u>571,107</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 5,019,184	\$ 5,211,021
Contributions as a percentage of covered-employee payroll	11.29%	10.96%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) The data presented includes general government employees and non-certified employees of the School System.

Notes to Schedule:

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM - CITY OF CLINTON**

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	4 years
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

**CITY OF CLINTON, TENNESSEE**

**Schedule of Clinton City Schools' Contributions  
Based on Participation in the Teacher Retirement Plan of TCRS  
Fiscal Year ended June 30**

	<u>2015</u>
Actuarially determined contributions (ADC)	\$ 4,598
Contributions in relation to the actuarially determined contribution	<u>7,356</u>
Contribution deficiency (excess)	<u>\$ (2,758)</u>
Clinton City Schools' covered-employee payroll	\$ 183,900
Contributions as a percentage of Clinton City Schools' covered-employee payroll	4.00%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) The plan started July 1, 2014.

**CITY OF CLINTON, TENNESSEE**

**Schedule of Clinton City Schools' Proportionate Share of the  
Net Pension Asset in the Teacher Legacy Pension Plan of TCRS**  
Fiscal Year ended June 30 (B)

	<u>2015</u>
Clinton City Schools' proportion of the net pension asset	0.103714%
Clinton City Schools' proportionate share of the net pension asset	\$ 16,853
Clinton City Schools' covered-employee payroll	\$ 4,070,756
Clinton City Schools' proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) The amounts presented were determined as of the measurement period as of June 30 of the prior fiscal year.

**CITY OF CLINTON, TENNESSEE**

**Schedule of Clinton City Schools' Contributions  
Based on Participation in the Teacher Legacy Pension Plan of TCRS  
Fiscal Year ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contributions (ADC)	\$ 361,483	\$ 348,193
Contributions in relation to the actuarially determined contribution	<u>361,483</u>	<u>348,193</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Clinton City Schools' covered-employee payroll	\$ 4,070,756	\$ 3,851,692
Contributions as a percentage of Clinton City Schools' covered-employee payroll	8.88%	9.04%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) This plan was frozen to new participants after June 30, 2014.

**CITY OF CLINTON, TENNESSEE**

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Clinton Utilities Board Pension Plan  
Fiscal Year ended June 30 (B)**

	2015
<b>Total Pension Liability</b>	
Service cost	\$ 492,447
Interest	1,005,265
Changes in benefit terms	0
Differences between actual and expected experience	737,076
Change of assumptions	0
Benefit payments, including refunds of employee contributions	(2,604,612)
Net change in total pension liability	(369,824)
Total pension liability - beginning	14,893,851
Total pension liability - ending (a)	\$ 14,524,027
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 1,390,000
Contributions - employee	0
Net investment income	1,151,239
Benefit payments, including refunds of employee contributions	(2,604,612)
Administrative expense	0
Net change in plan fiduciary net position	(63,373)
Plan fiduciary net position - beginning	9,058,619
Plan fiduciary net position - ending (b)	\$ 8,995,246
<b>Net Pension Liability (asset) - ending (a) - (b)</b>	<b>\$ 5,528,781</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	61.93%
<b>Covered-employee payroll</b>	\$ 6,029,041
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	91.70%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(B) The amounts presented were determined as of the measurement period as of June 30 of the prior fiscal year.

**CITY OF CLINTON, TENNESSEE**

**Schedule of Clinton Utilities Board's Contributions  
Clinton Utilities Board Pension Plan  
Fiscal Year ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contributions (ADC)	\$ 1,041,548	\$ 1,038,668
Contributions in relation to the actuarially determined contribution	<u>1,390,000</u>	<u>1,440,000</u>
Contribution deficiency (excess)	<u>\$ (348,452)</u>	<u>\$ (401,332)</u>
Covered-employee payroll	\$ 6,029,041	\$ 6,193,926
Contributions as a percentage of covered-employee payroll	23.06%	23.25%

Notes: (A) This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule:

**CLINTON UTILITIES BOARD PENSION PLAN**

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on July 1, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed, with amortization bases created in accordance with the funding policy
Asset valuation	5-year smoothed; subject to a 20% corridor to around the market value of assets
Salary increases	4.25 percent
Investment rate of return	7.50 percent
Retirement age	15% at full early retirement date, 100% at age 62
Mortality	Prescribed IRS Combined Statis Mortality Table for 2014 (As of July 1, 2015, the mortality assumption has been linked to the current mortality assumption utilized by the Tennessee Consolidated Retirement System (TCRS))

**CITY OF CLINTON, TENNESSEE**

**Schedule of Funding Progress  
Clinton City School System - Other Post-Employment Benefits Plan  
Last Five Valuation Dates  
(Dollar amounts in thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2014	\$ 0	\$ 929	\$ 929	0.0%	\$ 4,007	23.18%
6/30/2013	0	545	545	0.0%	4,043	13.48%
6/30/2011	0	497	497	0.0%	3,826	12.99%
6/30/2010	0	214	214	0.0%	3,804	5.63%
6/30/2009	0	413	413	0.0%	3,850	10.73%

## **Supplementary Information**

**CITY OF CLINTON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds			Capital Projects Fund	Total
	Federal Projects Fund	Cafeteria Fund	Drug Enforcement Fund	Schools Capital Projects Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 30,203	\$ 47,118	\$ 17,232	\$ 40,846	\$ 135,399
Inventories	0	10,533	0	0	10,533
Due from other funds	3,753	0	0	0	3,753
Due from other governments	9,070	2,582	1,119	0	12,771
Total assets	<u>\$ 43,026</u>	<u>\$ 60,233</u>	<u>\$ 18,351</u>	<u>\$ 40,846</u>	<u>\$ 162,456</u>
<b>Liabilities</b>					
Accounts payable	\$ 5,931	\$ 1,102	\$ 1,099	\$ 0	\$ 8,132
Accrued liabilities	37,095	23,364	0	0	60,459
Due to other funds	0	11,299	1,121	0	12,420
Total liabilities	<u>43,026</u>	<u>35,765</u>	<u>2,220</u>	<u>0</u>	<u>81,011</u>
<b>Fund balances</b>					
Nonspendable:					
Inventories	0	10,533	0	0	10,533
Restricted:					
Education - food service	0	13,935	0	0	13,935
Public safety - drug enforcement	0	0	16,131	0	16,131
Assigned:					
Education - capital projects	0	0	0	40,846	40,846
Total fund balances	<u>0</u>	<u>24,468</u>	<u>16,131</u>	<u>40,846</u>	<u>81,445</u>
Total liabilities and fund balances	<u>\$ 43,026</u>	<u>\$ 60,233</u>	<u>\$ 18,351</u>	<u>\$ 40,846</u>	<u>\$ 162,456</u>

**CITY OF CLINTON, TENNESSEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2015**

	Special Revenue Funds			Capital Projects Fund	Total
	Federal Projects Fund	Cafeteria Fund	Drug Enforcement Fund	Schools Capital Projects Fund	
<b>Revenues</b>					
Other taxes	\$ 0	\$ 0	\$ 175	\$ 0	\$ 175
Other state education funding	0	5,783	0	0	5,783
State grants	0	4,390	0	0	4,390
Federal grants	503,759	392,003	19,093	0	914,855
Charges for services	0	69,735	0	0	69,735
Fines and forfeitures	0	0	51,106	0	51,106
Other revenues	0	1,385	1,242	0	2,627
<b>Total revenues</b>	<u>503,759</u>	<u>473,296</u>	<u>71,616</u>	<u>0</u>	<u>1,048,671</u>
<b>Expenditures</b>					
Current:					
Drug enforcement	0	0	71,452	0	71,452
Education:					
Instruction	316,508	0	0	0	316,508
Support services	176,947	0	0	0	176,947
Non-instructional services	0	512,875	0	0	512,875
Capital outlay	10,304	28,057	23,602	0	61,963
<b>Total expenditures</b>	<u>503,759</u>	<u>540,932</u>	<u>95,054</u>	<u>0</u>	<u>1,139,745</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>0</u>	<u>(67,636)</u>	<u>(23,438)</u>	<u>0</u>	<u>(91,074)</u>
<b>Other financing sources</b>					
Transfers in	0	0	0	20,000	20,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>20,000</u>
<b>Net change in fund balances</b>	0	(67,636)	(23,438)	20,000	(71,074)
<b>Fund balance - beginning</b>	<u>0</u>	<u>92,104</u>	<u>39,569</u>	<u>20,846</u>	<u>152,519</u>
<b>Fund balance - ending</b>	<u>\$ 0</u>	<u>\$ 24,468</u>	<u>\$ 16,131</u>	<u>\$ 40,846</u>	<u>\$ 81,445</u>

**CITY OF CLINTON, TENNESSEE  
FEDERAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Federal grants	\$ 514,016	\$ 568,967	\$ 503,759	\$ (65,208)
Total revenues	<u>514,016</u>	<u>568,967</u>	<u>503,759</u>	<u>(65,208)</u>
<b>Expenditures</b>				
Current:				
Instruction	316,926	338,248	316,508	21,740
Support services	192,890	218,019	176,947	41,072
Capital outlay	<u>4,200</u>	<u>12,700</u>	<u>10,304</u>	<u>2,396</u>
Total expenditures	<u>514,016</u>	<u>568,967</u>	<u>503,759</u>	<u>65,208</u>
<b>Net change in fund balances</b>	0	0	0	0
<b>Fund balance - beginning</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance - ending</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF CLINTON, TENNESSEE  
CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Other state education funding	\$ 0	\$ 5,783	\$ 5,783	\$ 0
State grants	4,500	4,500	4,390	(110)
Federal grants	360,000	395,794	392,003	(3,791)
Charges for services	103,000	103,000	69,735	(33,265)
Other revenues	1,000	1,000	1,385	385
	<u>468,500</u>	<u>510,077</u>	<u>473,296</u>	<u>(36,781)</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Current:				
Non-instructional services	492,502	520,631	512,875	7,756
Capital outlay	12,000	34,083	28,057	6,026
	<u>504,502</u>	<u>554,714</u>	<u>540,932</u>	<u>13,782</u>
<b>Total expenditures</b>				
<b>Net change in fund balances</b>	(36,002)	(44,637)	(67,636)	(22,999)
<b>Fund balance - beginning</b>	<u>92,104</u>	<u>92,104</u>	<u>92,104</u>	<u>0</u>
<b>Fund balance - ending</b>	<u>\$ 56,102</u>	<u>\$ 47,467</u>	<u>\$ 24,468</u>	<u>\$ (22,999)</u>

**CITY OF CLINTON, TENNESSEE  
DRUG ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Other taxes	\$ 400	\$ 400	\$ 175	\$ (225)
Federal grants	0	20,000	19,093	(907)
Fines and forfeitures	28,500	52,604	51,106	(1,498)
Other revenues	550	1,150	1,242	92
<b>Total revenues</b>	<u>29,450</u>	<u>74,154</u>	<u>71,616</u>	<u>(2,538)</u>
<b>Expenditures</b>				
Current				
Public safety - drug enforcement	16,895	76,945	71,452	5,493
Capital outlay	0	23,500	23,602	(102)
<b>Total expenditures</b>	<u>16,895</u>	<u>100,445</u>	<u>95,054</u>	<u>5,391</u>
<b>Net change in fund balances</b>	12,555	(26,291)	(23,438)	2,853
<b>Fund balance - beginning</b>	<u>39,569</u>	<u>39,569</u>	<u>39,569</u>	<u>0</u>
<b>Fund balance - ending</b>	<u>\$ 52,124</u>	<u>\$ 13,278</u>	<u>\$ 16,131</u>	<u>\$ 2,853</u>

**CITY OF CLINTON, TENNESSEE  
SCHOOLS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Other revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Capital outlay	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other financing sources</b>				
Transfers in	20,000	20,000	20,000	0
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Net change in fund balances</b>	20,000	20,000	20,000	0
<b>Fund balance - beginning</b>	<u>20,846</u>	<u>20,846</u>	<u>20,846</u>	<u>0</u>
<b>Fund balance - ending</b>	<u>\$ 40,846</u>	<u>\$ 40,846</u>	<u>\$ 40,846</u>	<u>\$ 0</u>

**CITY OF CLINTON, TENNESSEE**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2015**

	Water Department	Sewer Department	Total Water and Sewer Fund
<b>Operating revenues</b>			
Metered water sales (Net of bad debt expense of \$11,493)	\$ 1,906,802	\$ 0	\$ 1,906,802
Sewer service charges	0	2,435,023	2,435,023
Other operating revenues	49,245	42,165	91,410
Total operating revenues	<u>1,956,047</u>	<u>2,477,188</u>	<u>4,433,235</u>
<b>Operating expenses</b>			
Source of supply	103,588	0	103,588
Collections	0	139,845	139,845
Pumping	139,225	383,445	522,670
Water treatment	296,720	0	296,720
Treatment and disposal	0	545,584	545,584
Transmission and distribution	489,570	0	489,570
Customer accounting	176,436	107,204	283,640
Administrative and general	458,071	351,039	809,110
Provision for depreciation	420,303	644,447	1,064,750
Payroll taxes	62,493	37,610	100,103
Total operating expenses	<u>2,146,406</u>	<u>2,209,174</u>	<u>4,355,580</u>
Operating income (loss)	<u>(190,359)</u>	<u>268,014</u>	<u>77,655</u>
<b>Non-operating revenues (expenses)</b>			
Interest income	9,116	0	9,116
Other	(524)	4,800	4,276
Total non-operating revenues (expenses)	<u>8,592</u>	<u>4,800</u>	<u>13,392</u>
Income (loss) before capital contributions	(181,767)	272,814	91,047
Capital contributions from customers	17,200	8,900	26,100
Capital contributions from state	0	200,000	200,000
<b>Change in net position</b>	<b>(164,567)</b>	<b>481,714</b>	<b>317,147</b>
<b>Net position, beginning - restated (see note 13)</b>	<b><u>13,073,226</u></b>	<b><u>9,431,096</u></b>	<b><u>22,504,322</u></b>
<b>Net position, ending</b>	<b><u>\$ 12,908,659</u></b>	<b><u>\$ 9,912,810</u></b>	<b><u>\$ 22,821,469</u></b>

**CITY OF CLINTON, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
<u>Federal Awards</u>			
U.S. Department of Homeland Security:			
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2012-FH-00726	\$ 175,880
Disaster Grant-Public Assistance-Presidentially Declared Disaster			
	97.036	FEMA-4189-DR-TN	117,661
U.S. Department of Justice:			
Office of Community Oriented Policing Services			
COPS Hiring Program	16.710	2013UMWX0101	30,054
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	2013BUBX13068879	2,029
Criminal Division			
Equitable Sharing Program	16.922	N/A	1,504
U.S. Department of Housing & Urban Development:			
Office of Community Planning and Development			
Community Development Block Grants/State's Program	14.228	N/A	17,037
U.S. Department of Transportation:			
Federal Highway Administration			
Highway Planning and Construction	20.205	STP-M-9117(10)	171,505
National Highway Traffic Safety Administration			
Alcohol Open Container Requirements	20.607	Z14GHS067	5,000
Executive Office of the President:			
United States Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas Program			
Financial Commission for Appalachia High Intensity Drug Trafficking Area			
	95.001	G15AP0001A	<u>19,093</u>
Total Federal Awards			<u>539,763</u>
<u>State Financial Assistance</u>			
Tennessee Department of Commerce & Insurance:			
Fire Department Training Program			
	N/A	N/A	10,800
Law Enforcement Training Program			
	N/A	N/A	<u>32,400</u>
Total State Financial Awards			<u>43,200</u>
Total Federal and State Awards			<u>\$ 582,963</u>

**Significant Accounting Policies:**

*This schedule includes the federal and state grant activity of the City of Clinton. This schedule excludes the Clinton City Schools', the Clinton Emergency Communications District's, and the Clinton Utilities Board's federal and state grant activity which are presented in schedules in separately issued audited financial statements. This schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.*

**CITY OF CLINTON, TENNESSEE**

**SCHEDULE OF LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR**  
**Governmental Activities**  
**June 30, 2015**

Fiscal Year Ending June 30,	Loan Agreement Dated 4/28/2011		GO Refunding Bond Dated 6/28/2013		Local Government Energy Efficiency Program #2		Capital Outlay Note Dated 1/3/2013		Total General Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	204,000	115,121	609,000	202,046	21,000	0	49,000	15,875	883,000	333,042
2017	213,000	106,655	627,000	186,212	0	0	50,000	14,478	890,000	307,345
2018	221,000	97,816	645,000	169,910	0	0	52,000	13,053	918,000	280,779
2019	231,000	88,644	664,000	153,140	0	0	53,000	11,571	948,000	253,355
2020	240,000	79,058	684,000	135,876	0	0	55,000	10,061	979,000	224,995
2021	250,000	69,098	704,000	118,092	0	0	56,000	8,493	1,010,000	195,683
2022	260,000	58,723	724,000	99,788	0	0	58,000	6,897	1,042,000	165,408
2023	271,000	47,933	745,000	80,964	0	0	60,000	5,244	1,076,000	134,141
2024	283,000	36,686	767,000	61,594	0	0	61,000	3,534	1,111,000	101,814
2025	294,000	24,942	789,000	41,652	0	0	63,000	1,796	1,146,000	68,390
2026	307,000	12,741	813,000	21,138	0	0	0	0	1,120,000	33,879
<b>Totals</b>	<b>\$ 2,774,000</b>	<b>\$ 737,414</b>	<b>\$ 7,771,000</b>	<b>\$ 1,270,412</b>	<b>\$ 21,000</b>	<b>\$ 0</b>	<b>\$ 557,000</b>	<b>\$ 91,002</b>	<b>\$ 11,123,000</b>	<b>\$ 2,098,828</b>

**CITY OF CLINTON, TENNESSEE**

**SCHEDULE OF LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR  
Business-Type Activities  
June 30, 2015**

Fiscal Year Ending June 30,	Electric System Revenue & Tax Bonds Series 2006 3.78%		Electric System Revenue & Tax Bonds Series 2007 4.12%		Electric System Capital Outlay Note Series 2012 2.09%		Electric System Revenue & Tax Refunding Bonds Series 2012 1.97%		Total Business-Type Activity	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	350,000	106,729	200,000	72,100	480,000	75,867	650,000	20,193	1,680,000	274,889
2017	375,000	93,033	200,000	63,860	490,000	65,835	700,000	6,895	1,765,000	229,623
2018	400,000	78,394	225,000	55,105	505,000	55,594	0	0	1,130,000	189,093
2019	425,000	62,809	225,000	45,835	520,000	45,040	0	0	1,170,000	153,684
2020	450,000	46,281	250,000	36,050	530,000	34,172	0	0	1,230,000	116,503
2021	500,000	28,335	250,000	25,750	545,000	23,095	0	0	1,295,000	77,180
2022	500,000	9,444	250,000	15,450	560,000	11,702	0	0	1,310,000	36,596
2023	0	0	250,000	5,150	0	0	0	0	250,000	5,150
<b>Totals</b>	<b>\$ 3,000,000</b>	<b>\$ 425,025</b>	<b>\$ 1,850,000</b>	<b>\$ 319,300</b>	<b>\$ 3,630,000</b>	<b>\$ 311,305</b>	<b>\$ 1,350,000</b>	<b>\$ 27,088</b>	<b>\$ 9,830,000</b>	<b>\$ 1,082,718</b>

**CITY OF CLINTON, TENNESSEE**

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
**For the Fiscal Year Ended June 30, 2015**

Tax Year	Fiscal Year	Property Tax Receivable Balance June 30, 2014	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Property Tax Receivable Balance June 30, 2015
2015	2016	\$ 0	\$ 0	\$ 3,066,567	\$ 0	\$ 0	\$ (6,133)	\$ 3,060,434
2014	2015	0	2,554,859	0	17,232	(2,510,089)	(5,144)	56,858
2013	2014	107,076	0	0	7,870	(79,258)	(5,046)	30,642
2012	2013	22,327	0	0	920	(9,078)	(4,816)	9,353
2011	2012	14,297	0	0	71	(3,566)	(8,214)	2,588
2010	2011	5,189	0	0	0	(2,134)	(2,717)	338
2009	2010	6,853	0	0	0	(1,450)	(5,266)	137
2008	2009	6,853	0	0	0	(548)	(6,305)	0
2007	2008	1,148	0	0	0	(143)	(1,005)	0
2006	2007	848	0	0	0	(427)	(421)	0
2005	2006	676	0	0	0	(160)	(516)	0
2004	2005	163	0	0	0	0	(163)	0
<b>TOTALS</b>		<b>\$ 165,430</b>	<b>\$ 2,554,859</b>	<b>\$ 3,066,567</b>	<b>\$ 26,093</b>	<b>\$ (2,606,853)</b>	<b>\$ (45,746)</b>	<b>\$ 3,160,350</b>

**CITY OF CLINTON, TENNESSEE**

**ELECTRIC DEPARTMENT  
Schedule of Residential and Commercial Rates  
June 30, 2015**

**RESIDENTIAL RATE - SCHEDULE RS**

Customer Charge	\$15.02 per month less \$1.60 hydro allocation credit
Energy Charge	9.734¢ per kWh per month

**GENERAL POWER RATE - SCHEDULE GSA**

Part 1:

Customer Charge	Per delivery point per month: \$15.02 Single-phase self-contained \$50.00 Single-phase instrument rated meter installation \$75.00 Three-phase meter installation
Energy Charge	11.033¢ per kWh per month

Part 2:

Customer Charge	\$90.00 per delivery point per month
Demand Charge	First 50 kW of billing demand per month, no charge Excess over 50 kW of billing demand per month at \$14.95 kW
Energy Charge	First 15,000 kWh per month at 10.703¢ per kWh Additional kWh per month at 6.729¢ per kWh

Part 3:

Customer Charge	\$300.00 per delivery point per month
Demand Charge	First 1,000 kW of billing demand per month at \$14.60 per kW Excess over 1,000 kW of billing demand per month at \$14.14 per kW, plus an additional \$14.14 per kW per month for each kW, of any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand
Energy Charge	6.294¢ per kWh per month

Additional time-of-use and manufacturing rates offered to larger users above 1,000kW.

**OUTDOOR LIGHTING RATE - SCHEDULE LS**

Customer Charge	\$2.50
Energy Charge	6.617¢ per kWh
Facility Charge	LS 9.00% B

**NUMBER OF CUSTOMERS**

Residential	25,315
General power - 50 kW and under	3,523
General power - over 50 kW	333
Street and athletic lighting	77
	<u>29,248</u>
Outdoor lighting	<u>5,080</u>

**CITY OF CLINTON, TENNESSEE**

**WATER AND SEWER DEPARTMENT  
Schedule of Residential and Commercial Rates  
June 30, 2015**

	Inside City Limits	Outside City Limits
Water rates:		
First 2,000 gallons or less - minimum monthly rate	\$ 9.30	\$ 13.96
Next 8,000 gallons - per thousand gallons	2.96	4.45
Next 10,000 gallons - per thousand gallons	2.77	4.16
Next 20,000 gallons - per thousand gallons	2.57	3.86
Next 60,000 gallons - per thousand gallons	2.45	3.67
Over 100,000 gallons - per thousand gallons	2.31	3.47
Sewer rates:		
First 2,000 gallons or less - minimum monthly rate	\$ 11.28	\$ 16.93
Next 8,000 gallons - per thousand gallons	4.83	7.25
Over 10,000 gallons - per thousand gallons	4.60	6.89
Number of Metered customers		
Water	6,456	
Sewer	4,737	

**Other Supplementary  
Information (Unaudited)**



## AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association.  
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?	Click to access definition
+	Click to add a comment

**Water Audit Report for:**   
**Reporting Year:**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

### WATER SUPPLIED

Volume from own sources:	+ ?	9	662.658	MG/Yr
Water imported:	+ ?	8	60.303	MG/Yr
Water exported:	+ ?	10	139.354	MG/Yr

		Pcnt:	Value:	
+ ?	5	-0.10%	<input checked="" type="radio"/>	<input type="radio"/>
+ ?	5	-2.50%	<input checked="" type="radio"/>	<input type="radio"/>
+ ?	5	-1.00%	<input checked="" type="radio"/>	<input type="radio"/>

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

**WATER SUPPLIED:**  MG/Yr

### AUTHORIZED CONSUMPTION

Billed metered:	+ ?	9	494.681	MG/Yr
Billed unmetered:	+ ?	n/a	0.000	MG/Yr
Unbilled metered:	+ ?	n/a	0.000	MG/Yr
Unbilled unmetered:	+ ?		7.305	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:**  MG/Yr

Click here:  for help using option buttons below

Pcnt:	Value:	
1.25%	<input checked="" type="radio"/>	<input type="radio"/>

Use buttons to select percentage of water supplied  
**OR**  
value

### WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

#### Apparent Losses

Unauthorized consumption:  MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	8	12.684	MG/Yr
Systematic data handling errors:	+ ?		1.237	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:**  MG/Yr

Pcnt:	Value:	
0.25%	<input checked="" type="radio"/>	<input type="radio"/>
2.50%	<input checked="" type="radio"/>	<input type="radio"/>
0.25%	<input checked="" type="radio"/>	<input type="radio"/>

#### Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:  MG/Yr

**WATER LOSSES:**  MG/Yr

### NON-REVENUE WATER

**NON-REVENUE WATER:**  MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

### SYSTEM DATA

Length of mains:	+ ?	10	146.4	miles
Number of <u>active AND inactive</u> service connections:	+ ?	8	7,702	
Service connection density:	?		53	conn./mile main

Are customer meters typically located at the curbside or property line?  (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line:  ft  
Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:  psi

### COST DATA

Total annual cost of operating water system:	+ ?	10	\$2,157,891	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	\$3.60	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	9	\$220.00	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

### WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 84 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

### PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Volume from own sources



Water Audit Report for:   
Reporting Year:  -

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 \*\*\*

System Attributes:

Apparent Losses:	<input type="text" value="15.382"/>	MG/Yr
+ Real Losses:	<input type="text" value="67.041"/>	MG/Yr
= <b>Water Losses:</b>	<input type="text" value="82.423"/>	MG/Yr
<input type="text" value="?"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="71.08"/>	MG/Yr
Annual cost of Apparent Losses:	<input type="text" value="\$55,375"/>	
Annual cost of Real Losses:	<input type="text" value="\$14,749"/>	

Valued at **Variable Production Cost**  
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="15.4%"/>	
	Non-revenue water as percent by cost of operating system:	<input type="text" value="3.3%"/>	
Operational Efficiency:	Apparent Losses per service connection per day:	<input type="text" value="5.47"/>	gallons/connection/day
	Real Losses per service connection per day:	<input type="text" value="23.85"/>	gallons/connection/day
	Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
	Real Losses per service connection per day per psi pressure:	<input type="text" value="0.24"/>	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL):  million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED REVENUES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	General Purpose School Fund	Federal Projects Fund	Cafeteria Fund	Drug Enforcement Fund
<b>Taxes:</b>					
Property taxes current year - City	\$ 2,518,427	\$ 0	\$ 0	\$ 0	0
Property taxes prior years - City	78,902	0	0	0	0
Property taxes current year - County	0	1,685,393	0	0	0
Property taxes prior years - County	0	138,810	0	0	0
Property taxes - interest and penalties	25,230	12,720	0	0	0
In-lieu of tax payments	423,627	0	0	0	0
Local option sales taxes	3,244,616	963,796	0	0	0
Wholesale beer taxes	422,571	0	0	0	0
Business taxes	313,355	0	0	0	0
Franchise fees	140,569	0	0	0	0
Hotel/motel taxes	186,591	0	0	0	0
Hotel/motel taxes - interest and penalties	536	0	0	0	0
Other taxes	0	557	0	0	175
<b>Total taxes</b>	<b>7,354,424</b>	<b>2,801,276</b>	<b>0</b>	<b>0</b>	<b>175</b>
<b>Licenses and permits:</b>					
Beer licenses	3,900	0	0	0	0
Liquor licenses	2,775	0	0	0	0
Marriage licenses	0	411	0	0	0
Building permits	127,648	0	0	0	0
<b>Total licenses and permits</b>	<b>134,323</b>	<b>411</b>	<b>0</b>	<b>0</b>	<b>0</b>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED REVENUES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	General Purpose School Fund	Federal Projects Fund	Cafeteria Fund	Drug Enforcement Fund
<b>Intergovernmental:</b>					
State sales taxes	746,289	0	0	0	0
TVA in-lieu of taxes	116,189	0	0	0	0
State income taxes	112,457	0	0	0	0
State alcoholic beverage taxes	11,087	4,511	0	0	0
State gasoline and motor fuel taxes	259,820	0	0	0	0
State city streets and transportation taxes	20,076	0	0	0	0
State excise taxes	3,717	0	0	0	0
State basic education program	0	4,055,000	0	0	0
State other education funding	0	44,831	0	5,783	0
<b>State grants:</b>					
Public safety - law enforcement training program	16,800	0	0	0	0
Public safety - fire department training program	10,800	0	0	0	0
Education - early childhood education	0	90,016	0	0	0
Education - coordinated school health	0	75,000	0	0	0
Education - other state grants	0	9,753	0	4,390	0
<b>Federal grants:</b>					
Public safety - Firefighter grant	175,880	0	0	0	0
Public safety - COPS grant	30,054	0	0	0	0
Public safety - other federal grants	7,029	0	0	0	19,093
Public works - FEMA grant	117,661	0	0	0	0
Public works - highway construction	171,505	0	0	0	0
Community development - housing grant	16,583	0	0	0	0
Education - Title I	0	0	230,790	0	0
Education - Title II	0	0	25,325	0	0
Education - education of the handicapped	0	0	216,386	0	0
Education - USDA lunch	0	0	0	233,622	0
Education - USDA breakfast	0	0	0	123,386	0
Education - other federal grants	0	9,490	31,258	34,995	0
<b>Total intergovernmental</b>	<b>1,815,947</b>	<b>4,288,601</b>	<b>503,759</b>	<b>402,176</b>	<b>19,093</b>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED REVENUES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	General Purpose School Fund	Federal Projects Fund	Cafeteria Fund	Drug Enforcement Fund
Charges for services:					
Public safety fees	56,660	0	0	0	0
Recreation fees	256,360	0	0	0	0
Education fees	0	1,490	0	69,735	0
Total charges for services	313,020	1,490	0	69,735	0
Fines, forfeitures, and court costs:					
Fines and costs	248,911	0	0	0	3,982
Forfeitures and seizures	46	0	0	0	47,124
Total fines, forfeitures, and court costs	248,957	0	0	0	51,106
Other revenues:					
Investment income	14,711	0	0	0	10
Miscellaneous income	120,295	37,645	0	1,385	1,232
Total other revenues	135,006	37,645	0	1,385	1,242
<b>Total</b>	<b>\$ 10,001,677</b>	<b>\$ 7,129,423</b>	<b>\$ 503,759</b>	<b>\$ 473,296</b>	<b>\$ 71,616</b>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND**

General government:

Legislative:

Salaries and related costs	\$ 14,118
Advertising and publications	284
Memberships, dues, and subscriptions	6,838
Travel and training	1,691
Insurance	2,120
Donations and grants	84,000
Total legislative	<u>109,051</u>

Judicial:

Salaries and related costs	77,755
Travel and training	282
Office supplies and postage	521
Insurance	320
Total judicial	<u>78,878</u>

Administration:

Salaries and related costs	547,915
Advertising and publications	380
Communications	10,956
Memberships, dues, and subscriptions	1,702
Bank fees	10,601
Equipment repair and maintenance	30,930
Vehicle repair and maintenance	1,345
Motor fuels and lubricants	1,533
Travel and training	10,213
Professional services	5,744
Office supplies and postage	8,948
Other supplies	708
Insurance	2,739
Miscellaneous	15
Total administration	<u>633,729</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

General government (continued):

Legal services, auditing, and tax administration:

Legal professional services	12,430
Auditing professional services	23,500
County trustee services	2,500
Data processing services	2,552
County property assessor services	9,724
Office supplies and postage	2,003
Total legal services, auditing, and tax administration	52,709

Planning and zoning/codes enforcement:

Salaries and related costs	125,860
Advertising and publications	1,339
Communications	1,058
Memberships, dues, and subscriptions	283
Vehicle repair and maintenance	389
Motor fuels and lubricants	1,588
Property clean-up costs	6,430
Travel and training	1,622
Professional services	10,175
Office supplies and postage	2,378
Permits and fees	3,460
Uniforms	69
Insurance	675
Miscellaneous	72
Total planning and zoning/codes enforcement	155,398

City hall buildings and grounds:

Salaries and related costs	69,322
Buildings/grounds repair and maintenance	7,432
Other supplies	3,139
Utilities	30,627
Insurance	4,085
Total city hall buildings and grounds	114,605

Total general government	1,144,370
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**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

Public safety:

Police department:

Salaries and related costs	2,157,318
Communications	11,449
Memberships, dues, and subscriptions	2,336
Equipment repair and maintenance	2,172
Vehicle repair and maintenance	44,209
Buildings/grounds repair and maintenance	2,144
Motor fuels and lubricants	82,520
Equipment rental	4,000
Travel and training	26,691
Professional services	690
Animal control fees	5,625
Office supplies and postage	4,368
Other supplies	20,032
Uniforms	4,744
Insurance	62,088
Total police department	<u>2,430,386</u>

Fire department:

Salaries and related costs	1,454,730
Communications	9,046
Memberships, dues, and subscriptions	507
Equipment repair and maintenance	10,497
Vehicle repair and maintenance	58,045
Buildings/grounds repair and maintenance	9,796
Motor fuels and lubricants	20,502
Travel and training	3,125
Professional services	5,839
Office supplies and postage	2,310
Small equipment and tools	537
Other supplies	10,024
Uniforms	17,453
Utilities	20,974
Insurance	27,121
Total fire department	<u>1,650,506</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

Public safety (continued):

Emergency communications department:

Salaries and related costs	197,133
Emergency notification system	4,855
Insurance	324
Total emergency communications department	202,312

Other public safety:

Communications	457
Traffic signal repair and maintenance	17,608
Utilities	1,913
Fire hydrant rental	22,071
Insurance	2,786
Total other public safety	44,835

Total public safety	4,328,039
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Public works:

Streets and grounds:

Salaries and related costs	974,811
Communications	5,383
Equipment repair and maintenance	11,730
Vehicle repair and maintenance	18,825
Buildings/grounds repair and maintenance	6,101
Streets repair and maintenance	37,597
Motor fuels and lubricants	41,718
Travel and training	1,022
Professional services	74
Office supplies and postage	903
Small equipment and tools	2,407
Other supplies	9,682
Uniforms	10,738
Utilities	15,471
Insurance	18,440
Total streets and grounds	1,154,902

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

Public works (continued):

Solid waste:

Sanitation services	275,704
Recycling services	9,000
Total solid waste	284,704

Total public works	1,439,606
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Street lighting:

Electricity	300,602
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Total street lighting	300,602
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Culture and recreation:

Parks and recreation:

Salaries and related costs	871,826
Communications	5,704
Memberships, dues, and subscriptions	893
Equipment repair and maintenance	3,192
Vehicle repair and maintenance	3,040
Buildings/grounds repair and maintenance	22,688
Parks repair and maintenance	65,691
Motor fuels and lubricants	9,116
Travel and training	907
Professional services	571
Office supplies and postage	872
After school care/camp supplies	24,601
Small equipment and tools	1,830
Other supplies	3,418
Uniforms	6,310
Utilities	157,365
Insurance	29,053
Donations and grants	4,300
Total parks and recreation	1,211,377

Library:

Salaries and related costs	21,429
Library Board appropriation	80,400
Insurance	1,669
Total library	103,498

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

Culture and recreation (continued):

Green McAdoo Museum:

Salaries and related costs	40,945
Communications	1,252
Equipment repair and maintenance	2,025
Buildings/grounds repair and maintenance	2,460
Utilities	9,277
Insurance	2,532
Total Green McAdoo Museum	<u>58,491</u>

Other culture and recreation:

Other supplies	6,813
Utilities	3,393
Special events	7,245
Total other culture and recreation	<u>17,451</u>

Total culture and recreation	<u>1,390,817</u>
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Economic development:

Industrial development:

Advertising and publications	14,062
Professional services	5,000
Utilities	10,945
Insurance	1,799
Donation of land	765,890
Donations and grants	41,000
Total industrial development	<u>838,696</u>

Community development:

Advertising and publications	454
Professional services	16,583
Total community development	<u>17,037</u>

Total economic development	<u>855,733</u>
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**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL FUND** (Continued)

Capital outlay:	
General government	139,037
Public safety	363,090
Public works	356,565
Culture and recreation	41,439
Total capital outlay	<u>900,131</u>
Debt service:	
Principal retirement	836,000
Interest	357,936
Total debt service	<u>1,193,936</u>
Total General Fund expenditures	<u><u>\$ 11,553,234</u></u>

**GENERAL PURPOSE SCHOOL FUND**

Instruction:	
Regular instruction:	
Salaries and related costs	3,393,930
Equipment repair and maintenance	6,959
Rentals	8,734
Contracted services	210,147
Instructional supplies	50,264
Library books	4,500
Textbooks	79,585
Other supplies	1,243
Miscellaneous	12,283
Total regular instruction	<u>3,767,645</u>
Special education program:	
Salaries and related costs	625,244
Equipment repair and maintenance	1,500
Rentals	4,300
Contracted services	4,000
Instructional supplies	500
Miscellaneous	140
Total special education program	<u>635,684</u>
Total instruction	<u>4,403,329</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL PURPOSE SCHOOL FUND** (Continued)

Support services:

Attendance:

Salaries and related costs	35,185
Equipment repair and maintenance	440
Office supplies and postage	996
Travel and training	1,742
Other supplies	200
Miscellaneous	9,036
Total attendance	<u>47,599</u>

Health services:

Salaries and related costs	114,200
Travel and training	3,500
Other supplies	8,099
Communications	2,000
Miscellaneous	5,414
Total health services	<u>133,213</u>

Other student support:

Salaries and related costs	113,943
Evaluation and testing	11,501
Other supplies	3,000
Miscellaneous	1
Total other student support	<u>128,445</u>

Regular instruction program:

Salaries and related costs	622,800
Contracted services	840
Office supplies and postage	200
Travel and training	2,412
Other supplies	2,297
Miscellaneous	3,158
Total regular instruction program	<u>631,707</u>

Alternative instruction program:

Salaries and related costs	<u>32</u>
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**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL PURPOSE SCHOOL FUND** (Continued)

Support services (continued):	
Special education program:	
Salaries and related costs	123,633
Contracted services	35,398
Other supplies	1,520
Miscellaneous	1,165
Total special education program	<u>161,716</u>
Other programs:	
Salaries and related costs	7,250
Instructional supplies	2,932
Miscellaneous	500
Total other programs	<u>10,682</u>
Board of education:	
Audit services	24,462
Memberships, dues, and subscriptions	7,238
Legal services	2,601
Contracted services	2,000
Travel and training	8,834
Trustee's commission	46,390
Insurance	11,740
Miscellaneous	5,924
Total board of education	<u>109,189</u>
Office of the Director of Schools:	
Salaries and related costs	123,172
Memberships, dues, and subscriptions	2,018
Travel and training	5,137
Miscellaneous	2,269
Total office of the Director of Schools	<u>132,596</u>
Office of the principals:	
Salaries and related costs	454,594
Office supplies and postage	1,000
Miscellaneous	2,400
Total office of the principals	<u>457,994</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL PURPOSE SCHOOL FUND** (Continued)

Support services (continued):

Fiscal services:

Salaries and related costs	112,041
Office supplies and postage	197
Memberships, dues, and subscriptions	35
Travel and training	1,670
Other supplies	1,398
Maintenance agreements	8,615
Other services	254
Miscellaneous	1,030
Total fiscal services	<u>125,240</u>

Operation of plant:

Salaries and related costs	275,748
Equipment repair and maintenance	5,226
Rentals	524
Contracted services	14,458
Custodial supplies	23,982
Other supplies	202
Utilities	163,080
Insurance	22,000
Miscellaneous	2,629
Total operation of plant	<u>507,849</u>

Maintenance of plant:

Salaries and related costs	9,259
Buildings/grounds repair and maintenance	34,452
Equipment repair and maintenance	1,681
Contracted services	1,127
Motor fuels and lubricants	576
Other supplies	2,163
Miscellaneous	741
Total maintenance of plant	<u>49,999</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL PURPOSE SCHOOL FUND** (Continued)

Support services (continued):

Transportation:

Equipment repair and maintenance	1,631
Contracted services	1,075
Motor fuels and lubricants	2,369
Insurance	1,344
Total transportation	<u>6,419</u>

Central and other support:

Salaries and related costs	94,447
Office supplies and postage	2,963
Equipment repair and maintenance	900
Travel and training	2,451
Communications	15,151
Total central and other support	<u>115,912</u>

Total support services 2,618,592

Operation of non-instructional services:

Food service:

Other supplies	600
Utilities	40,834
Total food service	<u>41,434</u>

Early childhood education:

Salaries and related costs	85,400
Instructional supplies	2,975
Other supplies	100
Travel and training	689
Miscellaneous	852
Total early childhood education	<u>90,016</u>

Total operation of non-instructional services 131,450

Capital outlay:

Instruction	28,060
Support services	49,813
Total capital outlay	<u>77,873</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**GENERAL PURPOSE SCHOOL FUND** (Continued)

Debt service:	
Principal retirement	21,000
	<hr/>
Total General Purpose School Fund expenditures	\$ 7,252,244
	<hr/> <hr/>

**FEDERAL PROJECTS FUND**

Instruction:	
Regular instruction:	
Salaries and related costs	76,835
Contracted services	9,057
Instructional supplies	13,724
Total regular instruction	<hr/> 99,616
Special education program:	
Salaries and related costs	205,933
Instructional supplies	7,902
Other supplies	3,057
Total special education program	<hr/> 216,892
Total instruction	<hr/> 316,508
Support services:	
Other student support:	
Salaries and related costs	13,744
Other supplies	1,556
Total other student support	<hr/> 15,300
Regular instruction program:	
Salaries and related costs	130,493
Travel and training	15,169
Other supplies	1,598
Miscellaneous	20
Total regular instruction program	<hr/> 147,280

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**FEDERAL PROJECTS FUND** (Continued)

Support services (continued):	
Special education program:	
Contracted services	5,205
Travel and training	7,805
Office supplies and postage	353
Other supplies	1,004
Total special education program	<u>14,367</u>
Total support services	<u>176,947</u>
Capital outlay	
Instruction	<u>10,304</u>
Total Federal Projects Fund expenditures	<u>\$ 503,759</u>

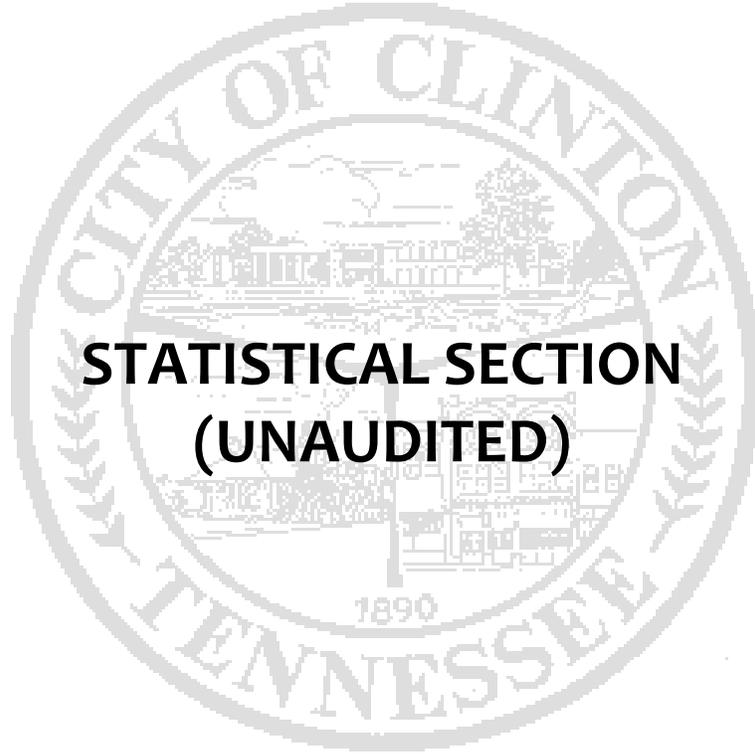
**CAFETERIA FUND**

Operation of non-instructional services:	
Food service:	
Salaries and related costs	252,190
Equipment repair and maintenance	8,239
Travel and training	1,429
Contracted services	6,472
Custodial supplies	1,953
USDA commodities	23,117
Food supplies	214,092
Office supplies and postage	632
Other supplies	2,976
Uniforms	762
Bank charges	39
Miscellaneous	974
Total food service	<u>512,875</u>
Capital outlay	<u>28,057</u>
Total Cafeteria Fund expenditures	<u>\$ 540,932</u>

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF DETAILED EXPENDITURES -**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

**DRUG ENFORCEMENT FUND**

Public safety - drug enforcement:	
Salaries and related costs	29,770
Memberships, dues, and subscriptions	210
Equipment repair and maintenance	1,938
Vehicle repair and maintenance	1,824
Buildings/grounds repair and maintenance	6,533
Travel and training	4,032
Office supplies and postage	29
Other supplies	13,985
Uniforms	4,169
Drug dog expenses	6,076
Tow fees	1,265
Bank charges	1,029
Communications	592
	<u>71,452</u>
Capital outlay	<u>23,602</u>
Total Drug Enforcement Fund expenditures	<u><u>\$ 95,054</u></u>



**STATISTICAL SECTION  
(UNAUDITED)**

## STATISTICAL SECTION

This part of the City of Clinton's annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the City's overall financial health.

### CONTENTS

### SCHEDULES

#### Financial Trends:

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 through 4

#### Revenue Capacity:

These schedules contain information to help assess the City's most significant local revenue sources.

5 through 9

#### Debt Capacity:

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

10 through 13

#### Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

14 through 15

#### Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

16 through 19

**CITY OF CLINTON, TENNESSEE**

**Schedule 1**  
**Net Position by Component**  
 (Accrual Basis of Accounting)  
 Last Ten Fiscal Years

	2015 (A)	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>GOVERNMENTAL ACTIVITIES:</b>										
Net investment in capital assets	\$ 3,840,603	\$ 3,726,500	\$ 3,755,944	\$ 4,552,252	\$ 5,881,859	\$ 11,765,331	\$ 7,817,719	\$ 7,592,052	\$ 6,309,684	\$ 6,630,423
Restricted	623,473	1,589,812	3,374,445	1,328,320	1,269,786	112,124	165,800	161,565	109,868	163,683
Unrestricted	1,894,937	2,406,907	533,711	1,562,135	764,436	(781,356)	3,289,775	4,007,823	4,756,664	5,166,894
<b>Total Governmental Activities</b>	<b>\$ 6,359,013</b>	<b>\$ 7,723,219</b>	<b>\$ 7,664,100</b>	<b>\$ 7,442,707</b>	<b>\$ 7,916,081</b>	<b>\$ 11,096,099</b>	<b>\$ 11,273,294</b>	<b>\$ 11,761,440</b>	<b>\$ 11,176,216</b>	<b>\$ 11,961,000</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Net investment in capital assets	\$ 84,191,055	\$ 79,657,605	\$ 76,156,801	\$ 72,685,662	\$ 71,039,902	\$ 70,373,275	\$ 67,579,023	\$ 65,995,381	\$ 63,437,273	\$ 59,356,992
Restricted	0	0	1,655	0	0	0	0	0	0	0
Unrestricted	5,533,923	12,410,085	13,151,820	12,312,023	8,858,972	5,056,115	7,025,823	7,158,631	6,923,140	6,783,919
<b>Total Business-Type Activities</b>	<b>\$ 89,724,978</b>	<b>\$ 92,067,690</b>	<b>\$ 89,310,276</b>	<b>\$ 84,997,685</b>	<b>\$ 79,898,874</b>	<b>\$ 75,429,390</b>	<b>\$ 74,604,846</b>	<b>\$ 73,154,012</b>	<b>\$ 70,360,413</b>	<b>\$ 66,140,911</b>
<b>PRIMARY GOVERNMENT</b>										
Net investment in capital assets	\$ 88,031,658	\$ 83,384,105	\$ 79,912,745	\$ 77,237,914	\$ 76,921,761	\$ 82,138,606	\$ 75,396,742	\$ 73,587,433	\$ 69,746,957	\$ 65,987,415
Restricted	623,473	1,589,812	3,376,100	1,328,320	1,269,786	112,124	165,800	161,565	109,868	163,683
Unrestricted	7,428,860	14,816,992	13,685,531	13,874,158	9,623,408	4,274,759	10,315,598	11,166,454	11,679,804	11,950,813
<b>Total Primary Government</b>	<b>\$ 96,083,991</b>	<b>\$ 99,790,909</b>	<b>\$ 96,974,376</b>	<b>\$ 92,440,392</b>	<b>\$ 87,814,955</b>	<b>\$ 86,525,489</b>	<b>\$ 85,878,140</b>	<b>\$ 84,915,452</b>	<b>\$ 81,536,629</b>	<b>\$ 78,101,911</b>

Notes: (A) Fiscal year 2015 was the first year the City implemented GASB Statements No. 68 and No. 71.

CITY OF CLINTON, TENNESSEE

Schedule 2

Changes in Net Position  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>EXPENSES:</b>										
Governmental Activities:										
General government	\$ 1,133,441	\$ 1,223,719	\$ 1,092,148	\$ 1,084,373	\$ 972,182	\$ 873,227	\$ 1,078,699	\$ 967,591	\$ 978,685	\$ 869,084
Public safety	4,541,455	4,367,219	4,017,023	3,890,573	3,654,486	3,590,522	3,781,144	4,082,885	3,758,990	3,638,374
Public works	1,822,563	2,674,899	2,177,063	2,622,629	1,938,105	1,692,833	1,828,370	759,806	1,871,170	1,904,267
State street aid - street lighting and salarie	300,602	300,754	300,784	299,172	326,050	251,591	248,059	263,839	266,072	264,865
Culture and recreation	1,502,682	1,664,550	1,664,462	1,753,892	1,779,138	1,686,353	1,617,189	1,879,964	957,961	1,295,189
Economic development	855,733	68,604	54,935	146,874	673,189	1,333,211	376,252	1,562,646	472,824	354,511
Education	8,010,886	8,594,601	8,220,696	8,253,038	8,286,096	7,929,084	7,747,070	7,412,353	7,255,814	7,068,648
Interest on long-term debt	351,519	377,239	444,216	436,934	276,216	214,332	298,621	241,430	661,551	294,177
Total Governmental Activities Expenses	18,518,881	19,271,585	17,971,327	18,487,485	17,905,462	17,571,153	16,975,404	17,170,514	16,223,067	15,689,115
Business-Type Activities:										
Electric	75,300,764	74,855,565	73,599,748	72,935,957	76,454,418	66,402,650	73,175,600	63,849,550	58,943,318	55,769,091
Water and sewer	4,355,580	4,417,577	4,346,435	4,155,419	4,131,601	4,051,993	3,947,697	3,754,259	3,657,646	3,543,316
Port authority	0	125	298	92	0	0	0	0	0	475
Total Business-Type Activities Expenses	79,656,344	79,273,267	77,946,481	77,091,468	80,586,019	70,454,643	77,123,297	67,603,809	62,600,964	59,312,882
Total Primary Government Expenses	\$ 98,175,225	\$ 98,544,852	\$ 95,917,808	\$ 95,578,953	\$ 98,491,481	\$ 88,025,796	\$ 94,098,701	\$ 84,774,323	\$ 78,824,031	\$ 75,001,997
<b>PROGRAM REVENUES:</b>										
Governmental Activities:										
Charges for Services:										
General government	\$ 524,260	\$ 391,675	\$ 351,086	\$ 328,164	\$ 321,682	\$ 295,940	\$ 418,317	\$ 531,036	\$ 533,699	\$ 346,363
Public safety	107,766	117,131	152,548	90,972	33,506	0	0	0	0	0
Public works	0	0	2,657	34,143	0	0	0	0	0	0
Culture and recreation	256,360	248,143	295,752	284,745	288,684	274,967	257,201	251,469	198,063	197,422
Education	71,225	94,506	104,506	108,648	109,265	166,927	293,869	163,201	247,483	207,937
Operating Grants and Contributions	6,033,667	5,668,666	5,442,399	5,346,887	5,714,090	5,719,060	5,086,778	4,930,738	4,641,139	3,757,078
Capital Grants and Contributions	111,637	650,197	12,871	41,130	843,678	0	56,586	2,067,882	397,606	1,858,033
Total Governmental Activities Program Revenues	7,104,915	7,170,318	6,361,819	6,234,689	7,310,905	6,456,894	6,112,751	7,944,326	6,018,010	6,366,833

CITY OF CLINTON, TENNESSEE

Schedule 2 (Continued)  
Changes in Net Position  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>PROGRAM REVENUES (Continued):</b>										
Business-Type Activities:										
Charges for Services:										
Electric	78,540,988	79,021,790	78,816,391	78,770,866	82,078,152	68,419,494	75,730,054	66,810,170	63,002,101	58,593,319
Water and sewer	4,433,235	4,395,375	4,440,491	4,600,171	4,178,081	3,960,624	3,893,077	3,994,558	4,024,582	3,916,686
Capital Grants and Contributions	226,100	19,865	294,674	10,950	35,750	46,890	61,508	200,943	198,345	144,303
Total Business-Type Activities	83,200,323	83,437,030	83,551,556	83,381,987	86,291,983	72,427,008	79,684,639	71,005,671	67,225,028	62,654,308
Program Revenues										
Total Primary Government										
Program Revenues	\$ 90,305,238	\$ 90,607,348	\$ 89,913,375	\$ 89,616,676	\$ 93,602,888	\$ 78,883,902	\$ 85,797,390	\$ 78,949,997	\$ 73,243,038	\$ 69,021,141
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	\$ (11,413,966)	\$ (12,101,267)	\$ (11,609,508)	\$ (12,252,796)	\$ (10,594,557)	\$ (11,114,259)	\$ (10,862,653)	\$ (9,226,188)	\$ (10,205,057)	\$ (9,322,282)
Business-Type Activities	3,543,979	4,163,763	5,605,075	6,290,519	5,705,964	1,972,365	2,561,342	3,401,862	4,624,064	3,341,426
Total Primary Government	\$ (7,869,987)	\$ (7,937,504)	\$ (6,004,433)	\$ (5,962,277)	\$ (4,888,593)	\$ (9,141,894)	\$ (8,301,311)	\$ (5,824,326)	\$ (5,580,993)	\$ (5,980,856)
Net Expenses										
<b>GENERAL REVENUES AND OTHER CHANGES</b>										
IN NET POSITION:										
Governmental Activities:										
General Revenues:										
Property taxes	\$ 4,428,831	\$ 4,370,615	\$ 4,285,667	\$ 4,224,167	\$ 4,295,370	\$ 4,369,170	\$ 4,245,356	\$ 4,163,212	\$ 4,057,298	\$ 3,711,459
In-lieu-of taxes-TVA	116,189	111,007	114,355	115,829	108,017	105,634	92,359	89,478	80,210	70,529
In-lieu-of taxes	423,627	419,140	307,670	307,506	304,932	300,773	163,360	168,850	173,601	35,161
Sales taxes	4,954,701	4,801,930	4,787,618	4,802,804	4,929,658	3,535,685	3,464,176	2,940,525	2,733,413	2,935,370
Beer and alcoholic beverage taxes	438,168	441,739	435,563	437,523	425,884	391,342	366,787	306,403	284,736	252,187
Business taxes	313,355	262,651	324,915	306,555	274,757	194,315	268,311	276,995	216,606	185,791
Hotel taxes	187,127	162,513	169,300	167,170	187,754	88,516	90,658	107,235	102,213	75,671
State income taxes	112,457	67,384	89,080	55,957	53,367	56,852	46,148	77,893	56,162	72,878
Other taxes	24,525	27,845	26,681	31,611	27,794	393,551	420,837	403,915	402,125	391,971
Investment income	14,721	18,168	23,214	25,108	11,555	7,731	17,391	56,934	29,272	20,660
Miscellaneous	47,951	6,752	46,883	53,138	106,549	364,377	93,114	173,544	250,568	310,950
Gain (loss) on disposal of capital assets	2,625	15,813	0	0	(30,158)	0	0	0	0	0
Transfers - in lieu of taxes	1,483,904	1,454,828	1,340,343	1,252,054	1,182,003	1,129,118	1,106,010	1,046,428	1,034,069	833,689
Total Governmental Activities	12,548,181	12,160,385	11,951,289	11,779,422	11,877,482	10,937,064	10,374,507	9,811,412	9,420,273	8,896,316

CITY OF CLINTON, TENNESSEE

Schedule 2 (Continued)  
 Changes in Net Position  
 (Accrual Basis of Accounting)  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>GENERAL REVENUES AND OTHER CHANGES</b>										
<b>IN NET POSITION (Continued):</b>										
Business-Type Activities:										
General Revenues:										
Investment Income	36,262	36,071	42,402	50,563	58,505	102,570	133,564	385,577	489,692	301,088
Miscellaneous	6,184	12,408	5,457	9,783	(5,295)	99,503	(11,134)	(14,919)	4,307	52,140
Gail (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	0	0	0	0
Transfers - in lieu of taxes	(1,483,904)	(1,454,828)	(1,340,343)	(1,252,054)	(1,182,003)	(1,129,118)	(1,106,010)	(1,046,428)	(1,034,069)	(667,489)
Total Business-Type Activities	(1,441,458)	(1,406,349)	(1,292,484)	(1,191,708)	(1,128,793)	(927,045)	(983,580)	(675,770)	(540,070)	(314,261)
Total Primary Government	\$ 11,106,723	\$ 10,754,036	\$ 10,658,805	\$ 10,587,714	\$ 10,748,689	\$ 10,010,019	\$ 9,390,927	\$ 9,135,642	\$ 8,880,203	\$ 8,582,055
<b>CHANGE IN NET POSITION:</b>										
Governmental Activities	\$ 1,134,215	\$ 59,118	\$ 341,781	\$ (473,374)	\$ 1,282,925	\$ (177,195)	\$ (488,146)	\$ 585,224	\$ (784,784)	\$ (425,966)
Business-Type Activities	2,102,521	2,757,414	4,312,591	5,098,811	4,577,171	1,045,320	1,577,762	2,726,092	4,083,994	3,027,165
Total Primary Government	\$ 3,236,736	\$ 2,816,532	\$ 4,654,372	\$ 4,625,437	\$ 5,860,096	\$ 868,125	\$ 1,089,616	\$ 3,311,316	\$ 3,299,210	\$ 2,601,199

CITY OF CLINTON, TENNESSEE

Schedule 3  
Fund Balances of Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years

	2015	2014	2013	2012	2011 (B)	2010	2009	2008	2007	2006
<b>GENERAL FUND</b>										
Nonspendable	\$ 419,598	\$ 1,198,065	\$ 1,270,879	\$ 1,185,489	\$ 1,185,489	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	135,392	241,674	1,730,546	2,191,727	3,266,857	0	0	0	0	0
Committed	413,615	419,615	373,041	216,600	0	0	0	0	0	0
Assigned	1,325,270	762,243	619,330	96,354	0	0	0	0	0	0
Unassigned (A)	5,004,776	5,071,678	5,008,575	5,043,405	4,423,920	(111,320)	(1,595,697)	(1,044,336)	(187,560)	169,820
<b>Total General Fund</b>	<b>7,298,651</b>	<b>7,693,275</b>	<b>9,002,371</b>	<b>8,733,575</b>	<b>8,876,266</b>	<b>(111,320)</b>	<b>(1,595,697)</b>	<b>(1,044,336)</b>	<b>(187,560)</b>	<b>169,820</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable										
Special Revenue Funds	28,287	36,332	11,018	12,529	16,261.00	0	0	0	0	0
Restricted										
Special Revenue Funds	40,196	122,693	145,063	117,980	76,072	0	0	0	0	0
Capital Projects Fund	0	0	302,329	0	0	0	0	0	0	0
Assigned										
Special Revenue Funds	1,523,672	1,340,054	1,494,495	1,180,707	1,136,447	0	0	0	0	0
Capital Projects Fund	40,846	20,846	0	0	0	0	0	0	0	0
Reserved	0	0	0	0	0	112,124	165,800	161,565	282,544	163,683
Unreserved	0	0	0	0	0	584,845	6,182,363	6,269,375	6,161,985	5,977,306
<b>Total Other Governmental Funds</b>	<b>1,633,001</b>	<b>1,519,925</b>	<b>1,952,905</b>	<b>1,311,216</b>	<b>1,228,780</b>	<b>696,969</b>	<b>6,348,163</b>	<b>6,430,940</b>	<b>6,444,529</b>	<b>6,140,989</b>
<b>Total Governmental Funds</b>	<b>\$ 8,931,652</b>	<b>\$ 9,213,200</b>	<b>\$ 10,955,276</b>	<b>\$ 10,044,791</b>	<b>\$ 10,105,046</b>	<b>\$ 585,649</b>	<b>\$ 4,752,466</b>	<b>\$ 5,386,604</b>	<b>\$ 6,256,969</b>	<b>\$ 6,310,809</b>

Notes: (A) Prior to fiscal year 2011, Unassigned was known as Unreserved.

(B) GASB Statement No. 54 was implemented in fiscal year 2011.

CITY OF CLINTON, TENNESSEE

Schedule 4  
Changes in Fund Balances of Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>REVENUES:</b>										
Taxes	\$ 10,155,875	\$ 9,882,688	\$ 9,785,121	\$ 9,687,789	\$ 9,615,092	\$ 5,976,831	\$ 5,764,177	\$ 6,146,062	\$ 5,796,349	\$ 5,657,738
Licenses, Permits and Fees	134,734	51,438	28,760	76,517	41,462	58,622	47,415	138,779	111,105	85,557
Intergovernmental	7,029,576	6,736,966	6,365,261	6,200,931	7,145,704	9,202,631	8,575,380	10,458,632	8,333,474	8,689,702
Charges for Services	384,245	656,748	738,915	640,425	591,953	617,595	748,947	750,988	738,612	580,710
Investment Income	14,721	18,168	23,214	25,108	11,555	8,264	20,232	68,867	50,368	26,455
Miscellaneous	460,620	143,863	73,614	99,525	349,564	400,897	226,889	192,410	408,375	389,187
<b>Total Revenues</b>	<b>18,179,771</b>	<b>17,489,871</b>	<b>17,014,885</b>	<b>16,730,295</b>	<b>17,755,330</b>	<b>16,264,840</b>	<b>15,383,040</b>	<b>17,755,738</b>	<b>15,438,283</b>	<b>15,429,349</b>
<b>EXPENDITURES:</b>										
General Government	1,144,370	1,168,426	1,058,555	1,049,138	982,433	902,963	1,069,396	916,392	922,355	841,575
Public Safety	4,328,039	3,983,253	3,631,702	3,509,222	3,252,381	3,540,536	3,596,302	3,667,079	3,514,223	3,430,899
Public Works	1,439,606	1,417,796	1,386,892	1,441,797	1,446,937	1,226,131	1,552,200	1,272,535	1,256,389	1,191,532
State Street Aid	300,602	300,754	300,784	299,172	326,050	251,591	248,058	263,839	266,072	264,865
Culture and Recreation	1,390,817	1,394,771	1,314,798	1,291,634	1,382,024	1,352,669	1,380,481	1,335,560	1,240,351	1,174,290
Economic Development	855,733	68,604	54,935	41,508	33,901	5,719,716 (A)	98,765	93,934	472,824	354,511
Drug Enforcement	71,452	55,586	79,633	53,752	66,895	61,771	143,731	115,758	116,620	103,477
Education	8,159,701	8,277,467	7,972,705	8,002,751	8,055,438	7,670,379	7,482,060	7,140,494	6,796,300	6,855,641
Debt Service:										
Principal Retirement	857,000	899,598	9,769,597	766,628	7,498,784	612,843	574,450	491,144	695,001	737,606
Interest on Debt	357,936	327,357	505,530	395,557	334,697	170,769	240,730	383,022	410,497	294,177
Capital Outlay	1,039,967	2,793,162	957,612	1,191,444	793,043	1,474,407	884,015	4,149,268	1,059,159	776,529
<b>Total Expenditures</b>	<b>19,945,223</b>	<b>20,686,774</b>	<b>27,032,743</b>	<b>18,042,603</b>	<b>24,172,783</b>	<b>22,983,775</b>	<b>17,270,188</b>	<b>19,829,025</b>	<b>16,749,791</b>	<b>16,025,102</b>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	(1,765,452)	(3,196,903)	(10,017,858)	(1,312,308)	(6,417,453)	(6,718,935)	(1,887,148)	(2,073,287)	(1,311,508)	(595,753)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	\$ 2,406,933	\$ 2,561,422	\$ 2,135,536	\$ 2,010,405	\$ 1,805,075	\$ 2,041,614	\$ 2,063,122	\$ 896,861	\$ 1,334,735	\$ 1,368,148
Transfers Out	(923,029)	(1,106,595)	(795,193)	(758,351)	(623,072)	(912,496)	(957,112)	(896,861)	(1,334,735)	(1,534,348)
Proceeds from issuance of debt	0	0	650,000	0	6,858,631	1,423,000	147,000	1,202,922	1,319,181	41,790
Proceeds from debt refunding	0	0	8,938,000	0	6,641,369	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,483,904</b>	<b>1,454,827</b>	<b>10,928,343</b>	<b>1,252,054</b>	<b>14,682,003</b>	<b>2,552,118</b>	<b>1,253,010</b>	<b>1,202,922</b>	<b>1,319,181</b>	<b>(124,410)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (281,548)</b>	<b>\$ (1,742,076)</b>	<b>\$ 910,485</b>	<b>\$ (60,254)</b>	<b>\$ 8,264,550</b>	<b>\$ (4,166,817)</b>	<b>\$ (634,138)</b>	<b>\$ (870,365)</b>	<b>\$ 7,673</b>	<b>\$ (720,163)</b>
Debt service as a percentage of noncapital expenditures	6.4%	6.9%	39.4%	6.9%	33.5%	3.6%	5.0%	5.6%	7.0%	6.8%

Notes: (A) \$5,632,977 of economic development expenditure was reclassification of expenditures for purchase of industrial park land to a capital asset.  
This was reclassified in fiscal year 2011 to an asset "Land Held for Resale" with a value of \$1,185,487.

**CITY OF CLINTON, TENNESSEE**

**Schedule 5  
Appraised and Assessed Value of Taxable Property**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	(A1) Real Property		(A2) Personal Property		(A3) Public Utility Property		Total Appraised Value	Total Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Appraised Value
		Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value				
2006	2005 (B)	\$ 574,659,400	\$ 176,068,635	\$ 155,030,438	\$ 46,414,602	\$ 8,458,960	\$ 4,652,428	\$ 738,148,798	\$ 227,135,665	\$ 0.73	30.8%
2007	2006	593,061,700	181,630,880	174,525,738	52,056,378	8,742,478	4,808,363	776,329,916	238,495,621	0.73	30.7%
2008	2007	621,695,200	191,203,204	188,403,243	48,687,405	4,068,452	2,230,638	814,166,895	242,121,247	0.73	29.7%
2009	2008	641,392,433	198,045,647	191,987,914	49,333,575	7,572,945	4,165,120	840,953,292	251,544,342	0.73	29.9%
2010	2009	658,375,960	204,154,034	195,674,975	50,732,780	6,917,913	3,804,852	860,968,848	258,691,666	0.78	30.0%
2011	2010 (B)	780,059,500	243,443,890	198,340,531	59,502,177	8,423,975	4,633,186	986,824,006	307,579,253	0.76	31.2%
2012	2011	790,864,700	247,268,330	207,837,673	62,351,321	8,140,795	4,477,437	1,006,843,168	314,097,088	0.76	31.2%
2013	2012	793,627,800	248,446,305	228,929,000	68,678,727	8,541,702	4,697,936	1,031,098,502	321,822,968	0.76	31.2%
2014	2013	806,516,700	253,418,745	254,973,743	76,492,155	7,920,104	4,356,057	1,069,410,547	334,266,957	0.76	31.3%
2015	2014	806,639,200	253,292,185	267,623,140	80,286,953	9,138,878	5,026,383	1,083,401,218	338,605,521	0.76	31.3%

Notes: (A) Assessment rates are set by Tennessee State Law as follows:

- (1) Real Property: Residential and farm at 25% of value.  
Commercial and industrial at 40% of value.
- (2) Personal property at 30% of value
- (3) Railroads at 40% of value and other public utilities at 55% of value.

(B) In fiscal years 2006 and 2011, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessments (2006) and Anderson County Office of Property Assessor (2011).

**CITY OF CLINTON, TENNESSEE**

**Schedule 6**  
**Direct and Overlapping Property Tax Rates**  
 (Rate per \$100 of Assessed Value)  
 Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Tax Year</u>	<u>Direct Tax Rate</u>	<u>Overlapping Tax Rate Anderson County</u>
2006	(A)	2005	\$ 0.73	\$ 2.810
2007		2006	0.73	2.810
2008		2007	0.73	2.810
2009		2008	0.73	2.810
2010		2009	0.78	2.810
2011	(A)	2010	0.76	2.360
2012		2011	0.76	2.503
2013		2012	0.76	2.503
2014		2013	0.76	2.500
2015		2014	0.76	2.500

Notes: (A) In fiscal years 2006 and 2011, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessments.

**CITY OF CLINTON, TENNESSEE**

**Schedule 7**  
**Direct and Overlapping Sales Tax Rates**  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Clinton/ Anderson County</u>	<u>Anderson County</u>
2006	2.75%	2.25%
2007	2.75%	2.75%
2008	2.75%	2.75%
2009	2.75%	2.75%
2010	2.75%	2.75%
2011	2.75%	2.75%
2012	2.75%	2.75%
2013	2.75%	2.75%
2014	2.75%	2.75%
2015	2.75%	2.75%

Notes: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.

**CITY OF CLINTON, TENNESSEE**

**Schedule 8  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
Samlip Tennessee LLC	\$ 21,663,512	1	6.40%			
Magna International	14,116,013	2	4.17%	6,598,747	5	2.91%
Summit Properties	10,275,040	3	3.03%	9,961,520	1	4.39%
Food Lion, Inc.	7,966,577	4	2.35%	8,583,288	2	3.78%
General Motors LLC	7,150,595	5	2.11%			
Techmer PM LLC	6,991,373	6	2.06%	4,484,388	6	1.97%
Wal Mart	5,079,900	7	1.50%			
FHG Enterprises	5,016,800	8	1.48%			
Honda of America	4,791,854	9	1.42%			
Carlisle Tire	4,775,384	10	1.41%	7,308,934	3	3.22%
D H Compounding				6,831,329	4	3.01%
Rexnord				4,414,983	7	1.94%
Toyota Motor Manufacturing				3,740,208	8	1.65%
Modine Manufacturing				3,206,601	9	1.41%
Becromal of America Inc.				2,763,728	10	1.22%
Totals	<u>\$ 87,827,048</u>		<u>25.94%</u>	<u>\$ 57,893,726</u>		<u>25.49%</u>
Total Assessed Value All Property	<u>\$ 338,605,521</u>			<u>\$ 227,135,665</u>		

**CITY OF CLINTON, TENNESSEE**

**Schedule 9  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Fiscal Year (A)	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years (B)	Total Collections to Date		Uncollected Taxes to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2006	2005	\$ 1,659,886	\$ 1,604,964	96.69%	\$ 54,406	\$ 1,659,370	99.97%	\$ 516	0.03%
2007	2006	1,741,996	1,681,658	96.54%	59,917	1,741,575	99.98%	421	0.02%
2008	2007	1,781,879	1,723,956	96.75%	56,918	1,780,874	99.94%	1,005	0.06%
2009	2008	1,836,375	1,752,851	95.45%	77,219	1,830,070	99.66%	6,305	0.34%
2010	2009	2,017,872	1,795,504	88.98%	216,965	2,012,469	99.73%	5,403	0.27%
2011	2010	2,335,274	2,203,664	94.36%	128,555	2,332,219	99.87%	3,055	0.13%
2012	2011	2,385,514	2,258,598	94.68%	116,114	2,374,712	99.55%	10,802	0.45%
2013	2012	2,443,885	2,349,767	96.15%	79,949	2,429,716	99.42%	14,169	0.58%
2014	2013	2,556,081	2,441,135	95.50%	79,258	2,520,393	98.60%	35,688	1.40%
2015	2014	2,572,091	2,510,089	97.59%	0	2,510,089	97.59%	62,002	2.41%

Notes: (A) Adjusted for pickups and deletions

(B) Collections in subsequent years include amounts collected by the City of Clinton Recorder's Office and amounts collected by the Anderson County Government Clerk and Master's Office.

CITY OF CLINTON, TENNESSEE

Schedule 10  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (A)	Per Capita(A)
	General Obligation Bonds	Capital Outlay Notes	Capital Lease Obligations	General Revenue Bonds	Capital Outlay Notes	Capital Lease Obligations			
2006	\$ 5,990,285	\$ 0	\$ 337,418	\$ 10,085,000	\$ 325,000	\$ 65,697	\$ 16,737,703	10.0%	\$ 1,779
2007	5,645,285	1,319,181	238,471	14,220,000	0	50,197	21,422,937	12.8%	2,277
2008	5,389,738	1,083,584	1,297,267	15,930,000	0	33,899	23,700,589	14.2%	2,519
2009	5,050,885	994,987	1,113,035	14,430,000	0	16,760	21,588,907	10.3%	2,271
2010	4,694,639	1,511,389	948,517	12,855,000	0	0	20,009,545	9.1%	2,033
2011	13,500,000	327,823	0	10,400,000	0	0	24,227,823	10.9%	2,476
2012	12,836,000	225,195	0	9,450,000	5,000,000	0	27,511,195	12.7%	2,800
2013	12,096,000	783,599	0	8,425,000	4,555,000	0	25,859,599	12.0%	2,621
2014	11,333,000	647,000	0	7,350,000	4,100,000	0	23,430,000	10.8%	2,365
2015	10,545,000	578,000	0	6,200,000	3,630,000	0	20,953,000	9.7%	2,107

Notes: (A) Personal income and population data can be found on Schedule 14.

**CITY OF CLINTON, TENNESSEE**

**Schedule 11**  
**Ratios of General Bonded Debt Outstanding**  
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Estimated Population</u>	<u>Assessed Property Value</u>	<u>General Obligation Bonds</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
2006	9,409	\$ 227,135,665	\$ 5,990,285	2.64%	\$ 637
2007	9,409	238,495,621	5,645,285	2.37%	600
2008	9,409	242,121,247	5,389,738	2.23%	573
2009	9,507	251,544,342	5,050,885	2.01%	531
2010	9,841	258,691,666	4,694,639	1.81%	477
2011	9,784	307,579,253	13,500,000	4.39%	1,380
2012	9,827	314,097,088	12,836,000	4.09%	1,306
2013	9,866	321,822,968	12,096,000	3.76%	1,226
2014	9,905	334,266,957	11,333,000	3.39%	1,144
2015	9,944	338,605,521	10,545,000	3.11%	1,060

**CITY OF CLINTON, TENNESSEE**

**Schedule 12**  
**Direct and Overlapping Governmental Activities Debt**  
 As of June 30, 2015

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Share of Overlapping Debt
City of Clinton Direct Debt	\$ 11,123,000	100.00%	\$ 11,123,000
Debt Repaid with Property Taxes Overlapping Debt:			
Anderson County Government including Board of Education	<u>57,652,356</u>	17.3% (A)	<u>9,974,930</u>
Total Direct and Overlapping Debt	<u>\$ 68,775,356</u>		<u>\$ 21,097,930</u>

Notes: (A) Applicable percentage is determined by ratio of assessed valuation of real property subject to taxation in overlapping unit to valuation of real property subject to taxation in reporting unit.



**CITY OF CLINTON, TENNESSEE**

**Schedule 14  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(3) Per Capita Income	(4) Median Age	(5) School Enrollment	(6) Unemployment Rate
2006	9,409	\$ 166,821,570	\$ 17,730	39.2	861	5.4%
2007	9,409	166,821,570	17,730	39.2	873	4.3%
2008	9,409	166,821,570	17,730	39.2	883	6.2%
2009	9,507	210,256,812	22,116	39.2	881	11.0%
2010	9,841	220,595,856	22,416	43.2	870	9.3%
2011	9,784	222,468,592	22,738	43.2	910	9.4%
2012	9,827	215,859,882	21,966	43.2	897	8.6%
2013	9,866	215,364,914	21,829	43.2	923	8.8%
2014	9,905	216,219,624	21,829	43.2	929	7.3%
2015	9,944	217,067,576	21,829	43.2	924	6.4%

- Sources:
- (1) 2006-2008 U.S. Census Bureau 2000 Census  
2009 U.S. Census Bureau Estimate  
2010 U.S. Census Bureau 2010 Census  
2011-2013 U.S. Census Bureau Estimate  
2014-2015 Estimated based on prior year's growth
  - (2) Calculation based upon Population and Per Capita Income
  - (3) 2006-2008 U.S. Census Bureau 2000 Census  
2009-2013 U.S. Census Bureau Estimate  
2014-2015 2013 U.S. Census Bureau Estimate
  - (4) 2006-2009 2000 U.S. Census Bureau City of Clinton  
2010-2015 2010 U.S. Census Bureau City of Clinton
  - (5) City of Clinton Schools
  - (6) U.S. Department of Labor - Bureau of Labor Statistics - all data is for Anderson County

**CITY OF CLINTON, TENNESSEE**

**Schedule 15**

**Principal Employers**

Current Year and Nine Years Ago

<u>Employer</u>	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County (A) Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County (A) Employment</u>
Anderson County Government	1,644	1	4.76%	1,259	1	(B)
SL Tennessee, Inc.	950	2	2.75%			
Eagle Bend Manufacturing, Inc.	775	3	2.25%	427	3	(B)
Aisin Automotive Castings	740	4	2.14%			
The Carlstar Group	425	5	1.23%	600 (C)	2	(B)
Techmer PM	270	6	0.78%	250	4	(B)
Nelson Global Products, Inc.	258	7	0.75%			
Powder Cote II	190	8	0.55%			
Carton Service-Pharma Packaging Solutions	148	9	0.43%	184 (D)	7	(B)
Link Belt Bearing (Rexnord)	120	10	0.35%	141	10	(B)
Food Lion Corporation				250	5	(B)
Southern Tube Form				159	8	(B)
Durakon Industries				150	9	(B)
Remotec				141	10	(B)
<b>Totals</b>	<b>5,520</b>		<b>15.99%</b>	<b>3,561</b>		

Source: Anderson County Economic Development Association

Notes: (A) City work force is unavailable - using Anderson County work force figure of 34,520.

(B) Due to unavailability of total county work force, percentage is not calculated.

(C) Formerly Carlisle Tire and Wheel Company.

(D) Formerly Carton Services.

**CITY OF CLINTON, TENNESSEE**

**Schedule 16**  
**Full-Time Equivalent City Government Employees by Function**  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	10.50	10.50	9.25	9.25	9.75	8.75	10.25	10.25	11.25	9.75
Public Safety	62.50	60.50	55.50	55.00	55.25	54.25	54.50	53.50	56.50	57.50
Public Works	17.25	17.25	17.25	17.25	18.25	19.25	22.25	19.50	20.25	21.00
Parks and Recreation	20.25	20.25	20.50	20.75	21.25	21.00	21.75	22.50	21.25	20.00
Subtotal	<u>110.50</u>	<u>108.50</u>	<u>102.50</u>	<u>102.25</u>	<u>104.50</u>	<u>103.25</u>	<u>108.75</u>	<u>105.75</u>	<u>109.25</u>	<u>108.25</u>
Education	130.00	133.75	134.00	134.75	128.50	128.25	117.75	116.25	116.50	116.50
Clinton Utilities Board										
Electric	95.00	93.00	95.00	92.00	93.00	94.00	92.00	88.00	84.00	85.00
Water and Sewer	21.00	23.00	23.00	22.00	23.00	23.00	23.00	24.00	22.00	23.00
Subtotal	<u>116.00</u>	<u>116.00</u>	<u>118.00</u>	<u>114.00</u>	<u>116.00</u>	<u>117.00</u>	<u>115.00</u>	<u>112.00</u>	<u>106.00</u>	<u>108.00</u>
Total	<u>356.50</u>	<u>358.25</u>	<u>354.50</u>	<u>351.00</u>	<u>349.00</u>	<u>348.50</u>	<u>341.50</u>	<u>334.00</u>	<u>331.75</u>	<u>332.75</u>

CITY OF CLINTON, TENNESSEE

Schedule 17  
Electric, Water and Wastewater Monthly Rates  
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Electric</b>										
<u>Residential</u>										
Customer charge - base amount	\$ 15.02	\$ 15.02	\$ 15.02	\$ 15.02	\$ 15.02	\$ 9.13	\$ 9.13	\$ 9.13	\$ 9.13	\$ 9.13
Energy charge - First 2,000 kW	9.734	10.093	9.67	9.681	9.505	8.612	7.80	8.164	7.246	7.319
Additional kW	9.734	10.093	9.67	9.681	9.505	9.249	8.437	8.801	7.883	7.945
<u>Commercial</u>										
GSA1 Customer charge - per delivery point	\$ 15.02	\$ 15.02	\$ 15.02	\$ 15.02	\$ 15.02	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00
Single-phase self-contained	50.00	50.00	50.00	50.00	50.00	N/A	N/A	N/A	N/A	N/A
Single-phase instrument rated meter install	75.00	75.00	75.00	75.00	75.00	N/A	N/A	N/A	N/A	N/A
Three-phase meter install	11.033	11.374	10.944	10.955	10.766	9.888	8.999	9.327	8.359	8.451
Energy charge										
GSA2 Customer charge - per delivery point	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00
Demand charge - Over 50 kW	14.95	14.64	14.34	14.34	14.00	14.04	13.11	12.77	12.11	12.34
Energy charge: First 15,000 kW	10.703	11.044	10.614	10.625	10.436	9.885	8.996	9.324	8.356	8.448
Additional kW	6.279	6.706	6.373	6.385	6.302	5.21	4.623	5.05	4.30	4.323
GSA3 Customer charge - per delivery point	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00
Demand charge: 0 - 1,000 kW	14.60	14.29	13.98	13.98	13.63	14.21	13.23	12.87	12.18	12.43
1,001 - 2,500 kW	14.14	13.83	13.52	13.52	13.17	15.88	14.72	14.29	13.48	13.79
> 2,500 kW (B)	28.28	27.66	27.04	27.04	26.34	31.76	29.44	28.58	26.96	27.58
Energy charge	6.294	6.716	6.378	6.39	6.302	5.209	4.622	5.049	4.299	4.322
<u>Outdoor Lighting</u>										
Customer charge	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Energy charge	6.617	7.061	6.721	6.732	6.651	6.095	5.49	5.931	5.157	5.255

Notes: (A) All demand and energy charges for electric are per kWh.  
(B) Contract demand may be greater than 2,500 kW

**CITY OF CLINTON, TENNESSEE**

**Schedule 17 (Continued)  
Electric, Water and Wastewater Monthly Rates  
Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Water</b>										
<u>Inside City Limits</u>										
First 2,000 gallons or less - minimum rate	\$ 9.30	\$ 9.30	\$ 9.30	\$ 9.30	\$ 9.30	\$ 8.30	\$ 8.30	\$ 8.30	\$ 8.30	\$ 8.30
Next 8,000 gallons - per thousand gallons	2.96	2.96	2.96	2.96	2.96	2.64	2.64	2.64	2.64	2.64
Next 10,000 gallons - per thousand gallons	2.77	2.77	2.77	2.77	2.77	2.47	2.47	2.47	2.47	2.47
Next 20,000 gallons - per thousand gallons	2.57	2.57	2.57	2.57	2.57	2.29	2.29	2.29	2.29	2.29
Next 60,000 gallons - per thousand gallons	2.45	2.45	2.45	2.45	2.45	2.18	2.18	2.18	2.18	2.18
Over 100,000 gallons - per thousand gallons	2.31	2.31	2.31	2.31	2.31	2.06	2.06	2.06	2.06	2.06
<u>Outside City Limits</u>										
First 2,000 gallons or less - minimum rate	\$ 13.96	\$ 13.96	\$ 13.96	\$ 13.96	\$ 13.96	\$ 12.46	\$ 12.46	\$ 12.46	\$ 12.46	\$ 12.46
Next 8,000 gallons - per thousand gallons	4.45	4.45	4.45	4.45	4.45	3.97	3.97	3.97	3.97	3.97
Next 10,000 gallons - per thousand gallons	4.16	4.16	4.16	4.16	4.16	3.71	3.71	3.71	3.71	3.71
Next 20,000 gallons - per thousand gallons	3.86	3.86	3.86	3.86	3.86	3.44	3.44	3.44	3.44	3.44
Next 60,000 gallons - per thousand gallons	3.67	3.67	3.67	3.67	3.67	3.27	3.27	3.27	3.27	3.27
Over 100,000 gallons - per thousand gallons	3.47	3.47	3.47	3.47	3.47	3.09	3.09	3.09	3.09	3.09
<b>Wastewater</b>										
<u>Inside City Limits</u>										
First 2,000 gallons or less - minimum rate	\$ 11.28	\$ 11.28	\$ 11.28	\$ 11.28	\$ 11.28	\$ 10.07	\$ 10.07	\$ 10.07	\$ 10.07	\$ 10.07
Next 8,000 gallons - per thousand gallons	4.83	4.83	4.83	4.83	4.83	4.31	4.31	4.31	4.31	4.31
Over 10,000 gallons - per thousand gallons	4.60	4.60	4.60	4.60	4.60	4.10	4.10	4.10	4.10	4.10
<u>Outside City Limits</u>										
First 2,000 gallons or less - minimum rate	\$ 16.93	\$ 16.93	\$ 16.93	\$ 16.93	\$ 16.93	\$ 15.11	\$ 15.11	\$ 15.11	\$ 15.11	\$ 15.11
Next 8,000 gallons - per thousand gallons	7.25	7.25	7.25	7.25	7.25	6.47	6.47	6.47	6.47	6.47
Over 10,000 gallons - per thousand gallons	6.89	6.89	6.89	6.89	6.89	6.15	6.15	6.15	6.15	6.15

CITY OF CLINTON, TENNESSEE

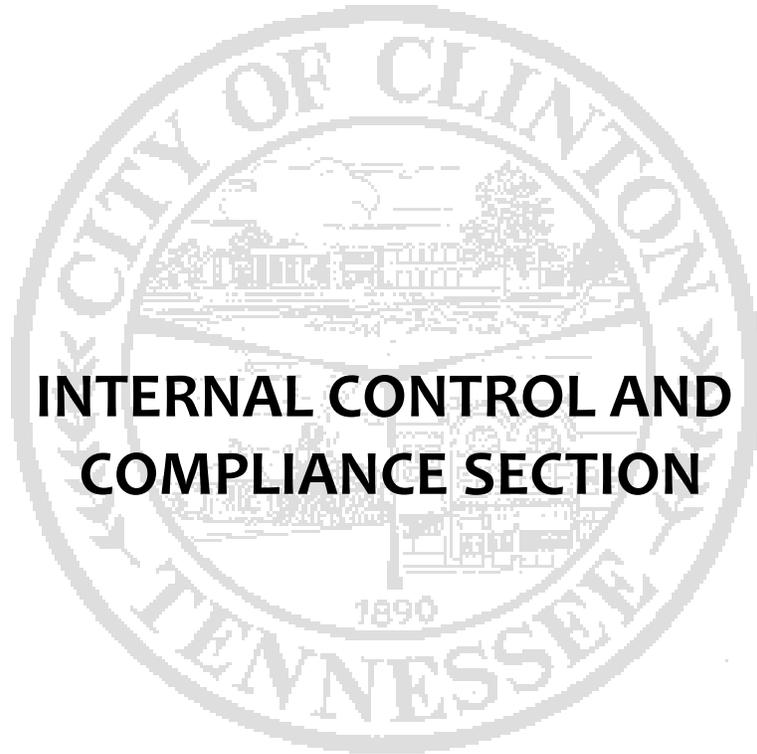
Schedule 18  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City Recorder:										
Tax Parcels - Real Property	4,097	4,105	4,105	4,104	4,096	4,110	4,082	4,081	4,005	3,935
Real Property Values	\$ 806,639,200	\$ 806,516,700	\$ 793,627,800	\$ 795,342,137	\$ 780,059,500	\$ 658,375,960	\$ 645,557,553	\$ 625,763,652	\$ 593,061,700	\$ 574,659,400
Personal Property Values	\$ 267,623,140	\$ 252,273,743	\$ 228,929,000	\$ 205,637,673	\$ 198,340,531	\$ 195,674,975	\$ 191,987,914	\$ 188,403,243	\$ 174,666,767	\$ 155,030,438
Codes Department:										
Building Permits	147	146	139	160	157	166	182	240	227	214
Total Construction Value	\$ 35,599,000	\$ 13,087,873	\$ 81,144,781	\$ 27,920,193	\$ 10,993,630	\$ 16,646,121	\$ 11,176,146	\$ 50,639,483	\$ 39,079,259	\$ 27,237,328
Police Department:										
Total Arrests	2,926	2,803	2,080	2,375	1,865	2,250	2,848	2,898	3,335	2,995
Total Charges Filed	4,075	3,975	2,941	3,507	2,786	3,296	4,179	4,129	5,023	4,263
Calls for Service	38,760	41,671	39,393	40,046	37,837	37,049	33,997	24,518	25,214	27,030
Total Miles Driven	242,925	251,737	243,321	242,210	226,566	238,908	256,370	263,228	250,469	264,860
Fire Department:										
Calls for Service	1,825	2,135	2,063	2,120	1,836	1,735	1,839	1,875	1,565	1,371
Commercial Inspections	625	625	622	623	621	620	621	619	614	612
Parks and Recreation:										
City of Clinton Park Acreage	78.25	78.25	78.25	78.25	78.25	78.25	78.25	78.25	78.25	78.25
Public Works Department:										
Miles of City Streets	80	80	80	80	80	80	80	80	80	80
Schools:										
Total Enrollment	924	929	923	897	910	870	881	883	873	861
Electric:										
Residential Customers	25,315	25,119	25,139	25,102	25,161	25,155	25,222	25,333	25,323	25,219
General Power Customers	3,856	3,840	3,879	3,889	3,900	3,863	3,785	3,785	3,017	3,489
Purchased Power (TVA)	\$ 59,645,256	\$ 59,082,886	\$ 58,411,050	\$ 58,560,198	\$ 62,575,870	\$ 52,848,206	\$ 59,792,436	\$ 51,582,929	\$ 48,357,657	\$ 44,978,597
Water:										
Number of Customers	6,456	6,403	6,435	6,391	6,385	6,343	6,311	6,315	6,285	6,213
Water Supplied (million gallons)	584,409	635,986	751,733	790,297	829,481	801,596	817,194	Information not available	Information not available	Information not available
Water Authorized Consumption (million gallons)	501,986	481,169	507,515	568,759	560,577	555,280	537,463	Information not available	Information not available	Information not available
Sewer:										
Number of Customers	4,737	4,623	4,644	4,604	4,584	4,582	4,557	4,550	4,535	4,482

CITY OF CLINTON, TENNESSEE

Schedule 19  
**Capital Assets Statistics by Function/Program**  
 Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>General Government</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	1	1	2	3	3	2	5	5
<u>Public Safety</u>										
Police										
Patrol Cars	37	37	32	25	24	24	24	26	25	37
Specialty Vehicles	1	1	1	4	3	3	3	1	2	2
Motorcycles	2	2	2	2	2	2	2	2	0	0
Drug/Bomb Dogs	3	3	3	2	2	2	2	4	4	5
Fire										
Fire Halls	3	2	2	2	2	2	2	2	2	2
Vehicles	5	4	3	3	3	4	4	4	3	3
Fire Trucks	7	7	7	7	7	7	7	5	5	5
<u>Public Works</u>										
Buildings	4	4	4	4	4	4	4	3	3	3
Vehicles	30	28	30	30	29	27	27	24	25	25
Heavy Equipment	17	16	16	15	15	15	15	15	14	14
Other Equipment	20	18	15	15	15	15	12	10	2	2
City Streets (miles)	80	80	80	80	80	80	80	80	80	80
Parks and Recreation										
Vehicles	9	12	13	14	14	13	13	11	10	10
Pools	2	2	2	2	2	2	2	2	2	2
Community Center	3	3	3	3	3	3	3	3	3	3
Public Library	1	1	1	1	1	1	1	1	1	1
Clinton City Schools										
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Vehicles	7	7	7	6	6	4	4	5	5	5



**INTERNAL CONTROL AND  
COMPLIANCE SECTION**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor, City Manager  
and the City Council Members of the  
City of Clinton, Tennessee  
Clinton, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the City Emergency Communications District, a discretely presented component unit, each major fund, budgetary comparison statements of the general fund and the general purpose school fund, fiduciary fund types and the aggregate remaining fund information of the City of Clinton, Tennessee (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 11, 2016. Our report includes a reference to other auditors who audited the financial statements of the Clinton City School System (the "Schools"), a department reported in governmental funds, the Clinton Utilities Board ("CUB"), a department reported in business-type activities and proprietary funds and the CUB Pension Plan, a fiduciary fund type, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
February 11, 2016

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor, City Manager  
and the City Council Members of the  
City of Clinton, Tennessee  
Clinton, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Clinton, Tennessee's (the "City") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City of Clinton's basic financial statements include the operations of the Clinton City School System (the "Schools"), a department reported in governmental funds, the Clinton Utilities Board ("CUB"), a department reported in business-type activities and proprietary funds and the CUB Pension Plan, a fiduciary fund type. The Schools and CUB received \$1,199,390 and \$357,844, respectively in federal awards which are not included in the City's schedule of expenditures of federal awards on page 114. Our audit, described below, did not include the operations of the Schools and CUB since they engaged other auditors to perform an audit in accordance with Circular A-133.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
February 11, 2016

**CITY OF CLINTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2015**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133  Yes  No

Major federal programs for the City of Clinton, Tennessee for the fiscal year ended June 30, 2015 are:

<u>Program Name</u>	<u>CFDA#</u>
Staffing for Adequate Fire & Emergency Response	97.083
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between Type A & Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**CITY OF CLINTON, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**For the Year Ended June 30, 2015**

**Section II - Financial Statement Findings**

**Current Year Audit Findings: None**

**Section III - Federal Award Findings**

**Current Year Audit Findings: None**