

**CLINTON CITY  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS  
YEAR ENDED JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of  
Clinton City

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clinton 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-7 and 43-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of Clinton 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 solely 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 the effectiveness of Clinton City's 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 Clinton City's internal control over financial reporting and compliance.

*Child, Richards CPAs & Advisors*

Ogden, Utah  
December 6, 2019

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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## **INTRODUCTION**

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2019.

## **HIGHLIGHTS**

Net position of the city increased by \$577,179. Of this amount, business-type activities increased by \$101,335 and governmental activities increased by \$475,844.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$90,017,108 (net position). Of this amount, \$12,187,103 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors.

The City's governmental funds reported a combined ending fund balance of \$7,208,620, an increase of \$690,297 compared to the prior years' ending amount. Of the combined total fund balance, \$2,326,702 is available for spending at the discretion of the City (unrestricted and unassigned fund balance).

The unrestricted and unassigned fund balance of the General Fund at June 30, 2019, totaling \$2,326,702, is 22.11% of the General Fund total revenues for the year. The General Fund has \$510,538 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$123,620 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Position shows the overall net position of the City. Increases and decreases in net position are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Clinton City's business type activities are sewer, water, solid waste and storm water.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types. The two types are Governmental Funds and Proprietary Funds.

**CLINTON CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Clinton City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Capital Projects Fund which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Clinton City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and the Special Revenue major fund to demonstrate compliance with this budget.

Clinton City has five Proprietary Funds: the water fund, the sewer fund, the solid waste fund, the storm water fund, and the sewer special service fund. The Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services. The Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. An Internal Service Fund is presented in a separate column in the Proprietary Fund financial statements.

There are several differences between Government-Wide and Fund Statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

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**CLINTON CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net Position**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2019	2018	2019	2018	2019	2018
Cash	\$ 6,725,140	\$ 6,858,486	\$ 5,087,673	\$ 5,485,633	\$ 11,812,813	\$ 12,344,119
Other assets	3,939,136	2,904,776	230,406	1,117,008	4,169,542	4,021,784
Capital assets	54,032,655	53,739,600	25,980,663	24,831,620	80,013,318	78,571,220
Deferred outflows of resources	1,242,161	1,197,289	153,308	147,074	1,395,469	1,344,363
Total assets and deferred outflows	65,939,092	64,700,151	31,452,050	31,581,335	97,391,142	96,281,486
Noncurrent liabilities	2,620,834	1,484,870	388,614	225,557	3,009,448	1,710,427
Other liabilities	1,594,961	1,120,442	763,363	1,029,478	2,358,324	2,149,920
Total liabilities	4,215,795	2,605,312	1,151,977	1,255,035	5,367,772	3,860,347
Deferred inflows of resources	2,005,800	2,853,186	462	128,024	2,006,262	2,981,210
Total liabilities and deferred inflows	6,221,595	5,458,498	1,152,439	1,383,059	7,374,034	6,841,557
Net position:						
Net investment in capital assets	48,879,949	50,817,919	25,980,663	24,831,620	74,860,612	75,649,539
Restricted	1,591,328	1,833,097	1,378,065	1,081,443	2,969,393	2,914,540
Unrestricted	9,246,220	6,590,637	2,940,883	4,285,213	12,187,103	10,875,850
Total net position	\$ 59,717,497	\$ 59,241,653	\$ 30,299,611	\$ 30,198,276	\$ 90,017,108	\$ 89,439,929

The largest component of the City's net position, 83.16%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 3.30% of the total net position and is subject to external restrictions on how they may be used. The remaining 13.54% of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.



**CLINTON CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,704,748	\$ 2,606,591	\$ 6,209,381	\$ 6,072,678	\$ 8,914,129	\$ 8,679,269
Operating grants and contributions	1,139,560	1,145,843	-	-	1,139,560	1,145,843
Capital grants and contributions	846,795	887,629	-	-	846,795	887,629
General revenues:						
Property taxes	1,925,740	1,855,720	-	-	1,925,740	1,855,720
Sales taxes	3,632,671	3,436,584	-	-	3,632,671	3,436,584
Other taxes	1,128,663	1,209,303	-	-	1,128,663	1,209,303
Impact fees	-	-	838,597	696,653	838,597	696,653
Special revenues	-	-	-	-	-	-
Interest	141,714	100,172	117,206	90,068	258,920	190,240
Other	73,842	66,926	-	-	73,842	66,926
Total revenues	11,593,733	11,308,768	7,165,184	6,859,399	18,758,917	18,168,167
Expenses:						
General government	2,763,820	2,573,411	-	-	2,763,820	2,573,411
Public safety	4,093,887	3,599,447	-	-	4,093,887	3,599,447
Highways and public improvements	3,320,479	1,737,288	-	-	3,320,479	1,737,288
Parks and recreation	1,325,389	1,244,536	-	-	1,325,389	1,244,536
Cemeteries	126,314	63,754	-	-	126,314	63,754
Interest on debt	-	-	-	-	-	-
Sewer special service	-	-	87,344	89,881	87,344	89,881
Solid waste	-	-	1,398,484	1,323,868	1,398,484	1,323,868
Storm water	-	-	524,122	514,712	524,122	514,712
Water	-	-	1,752,752	1,602,697	1,752,752	1,602,697
Sewer	-	-	2,239,147	2,129,838	2,239,147	2,129,838
Total expenses	11,629,889	9,218,436	6,001,849	5,660,996	17,631,738	14,879,432
Transfers in (out)	512,000	(1,062,000)	(1,062,000)	1,062,000	(550,000)	-
Change in net position	475,844	1,028,332	101,335	2,260,403	577,179	3,288,735
Net position-beginning	59,241,653	58,213,321	30,198,276	27,937,873	89,439,929	86,151,194
Net position-ending	<u>\$ 59,717,497</u>	<u>\$ 59,241,653</u>	<u>\$ 30,299,611</u>	<u>\$ 30,198,276</u>	<u>\$ 90,017,108</u>	<u>\$ 89,439,929</u>

**CLINTON CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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**Governmental Activities**

The activities in the governmental funds resulted in an increase in net position of 475,844 for the year.

**Business-Type Activities**

The business-type activities increased net position by \$101,335. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a surplus.

**Capital Assets**

Clinton City added \$2,117,347 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$390,705. The following assets were acquired or constructed: machinery and equipment \$58,272; \$87,734 in infrastructure; \$274,369 in land; \$130,370 in improvements; \$190,413 in buildings; and internal service equipment and vehicles in the amount of \$985,484. The internal service equipment and vehicles were acquired in the motor pool fund.

**Fund Balances**

The fund balance in the General Fund increased by \$47,471. The fund balances in the other Governmental Funds increased by \$642,826. The Net Position in the Enterprise Funds increased by \$101,335.

**Long-Term Debt**

During the 2017 fiscal year the City paid off the Sales Tax Revenue bonds in the amount of \$575,000. This leaves the City with no long-term debt other than compensated absences and a net pension liability.

**General Fund Budgets**

Clinton City prepares its budget according to state statutes. The General Fund Budget was adjusted during the year.

Actual General Fund revenues were \$39,317 below the original budget and final adjusted budget. Actual General Fund expenditures before transfers were \$466,376 below the original budget and \$470,636 below the final adjusted budget.

**ADDITIONAL INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Clinton City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the City's finances should be addressed to Clinton City, 2267 North 1500 West, Clinton City, Utah 84015.

# **BASIC FINANCIAL STATEMENTS**

**CLINTON CITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,133,812	\$ 3,709,608	\$ 8,843,420
Restricted cash	1,591,328	1,378,065	2,969,393
Accounts receivable	207,299	712,375	919,674
Due from other governmental units	2,903,331	-	2,903,331
Prepaid expenses	168,429	178,108	346,537
Inventory	-	-	-
Internal balances	660,077	(660,077)	-
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	10,315,620	649,674	10,965,294
Construction in progress	-	14,734	14,734
Infrastructure	26,141,650	23,553,155	49,694,805
Buildings	13,480,000	-	13,480,000
Improvements	2,271,336	-	2,271,336
Machinery and equipment	1,824,049	-	1,824,049
Water rights	-	1,763,100	1,763,100
<b>TOTAL ASSETS</b>	<b>64,696,931</b>	<b>31,298,742</b>	<b>95,995,673</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources relating to pensions	1,242,161	153,308	1,395,469
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>65,939,092</b>	<b>31,452,050</b>	<b>97,391,142</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	752,932	570,193	1,323,125
Accounts payable from restricted resources	23,449	-	23,449
Deposits	818,580	193,170	1,011,750
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	2,620,834	388,614	3,009,448
<b>TOTAL LIABILITIES</b>	<b>4,215,795</b>	<b>1,151,977</b>	<b>5,367,772</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	1,881,600	-	1,881,600
Deferred inflows of resources related to pensions	124,200	462	124,662
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,005,800</b>	<b>462</b>	<b>2,006,262</b>
<b>NET POSITION</b>			
Net investment in capital assets	48,879,949	25,980,663	74,860,612
Restricted for:			
Debt service - revenue bond	-	-	-
Redevelopment Agency	396,638	-	396,638
Perpetual care	590,270	-	590,270
Transportation impact fees	-	-	-
Park impact fees	604,420	-	604,420
Transportation tax	-	-	-
Utility impact fees	-	1,378,065	1,378,065
Unrestricted	9,246,220	2,940,883	12,187,103
<b>TOTAL NET POSITION</b>	<b>\$ 59,717,497</b>	<b>\$ 30,299,611</b>	<b>\$ 90,017,108</b>

The accompanying notes are an integral part of these statements.

**CLINTON CITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 2,763,820	\$ 1,201,996	\$ 18,287	\$ -	\$ (1,543,537)	\$ -	\$ (1,543,537)
Public safety	4,093,887	764,927	8,513	42,847	(3,277,600)	-	(3,277,600)
Highways and improvements	3,320,479	464,566	1,112,760	480,787	(1,262,366)	-	(1,262,366)
Parks and recreation	1,325,389	192,154	-	323,161	(810,074)	-	(810,074)
Cemeteries	126,314	81,105	-	-	(45,209)	-	(45,209)
Interest on long term debt	-	-	-	-	-	-	-
Total governmental activities	11,629,889	2,704,748	1,139,560	846,795	(6,938,786)	-	(6,938,786)
Business-type activities:							
Water	1,752,752	1,994,472	-	302,439	-	544,159	544,159
Sewer	2,239,147	2,229,950	-	103,000	-	93,803	93,803
Solid waste	1,398,484	1,403,184	-	-	-	4,700	4,700
Storm water	524,122	485,573	-	433,158	-	394,609	394,609
Sewer special service	87,344	96,202	-	-	-	8,858	8,858
Total business-type activities	6,001,849	6,209,381	-	838,597	-	1,046,129	1,046,129
Total primary government	\$ 17,631,738	\$ 8,914,129	\$ 1,139,560	\$ 1,685,392	\$ (6,938,786)	\$ 1,046,129	\$ (5,892,657)
General revenues:							
Property taxes					1,925,740	-	1,925,740
Sales taxes					3,632,671	-	3,632,671
Franchise taxes					988,194	-	988,194
Fees-in-lieu of taxes					140,469	-	140,469
Miscellaneous					73,842	-	73,842
Interest earnings					141,714	117,206	258,920
Transfers in (out)					512,000	(1,062,000)	(550,000)
Total general revenues and transfers					7,414,630	(944,794)	6,469,836
Change in net position					475,844	101,335	577,179
Net position - beginning					59,241,653	30,198,276	89,439,929
Net position - ending					\$ 59,717,497	\$ 30,299,611	\$ 90,017,108

The accompanying notes are an integral part of these statements.

**CLINTON CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,315,694	\$ 1,542,029	\$ 658,026	\$ 4,515,749
Restricted cash	510,538	-	1,080,790	1,591,328
Accounts receivable	207,299	-	-	207,299
Due from other governmental units	2,799,752	-	103,579	2,903,331
Interfund receivable	150,000	912,000	-	1,062,000
Prepaid expenses	123,620	-	301	123,921
Total assets	<u>\$ 6,106,903</u>	<u>\$ 2,454,029</u>	<u>\$ 1,842,696</u>	<u>\$ 10,403,628</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 192,066	\$ -	\$ 27,740	\$ 219,806
Accounts payable from restricted sources	3,800	-	19,649	23,449
Other accrued liabilities	249,997	-	1,576	251,573
Customer deposits	818,580	-	-	818,580
Total liabilities	<u>1,264,443</u>	<u>-</u>	<u>48,965</u>	<u>1,313,408</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - Property Taxes	<u>1,881,600</u>	<u>-</u>	<u>-</u>	<u>1,881,600</u>
Total deferred inflows of resources	<u>1,881,600</u>	<u>-</u>	<u>-</u>	<u>1,881,600</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepays	123,620	-	-	123,620
Restricted for:				
Special revenue - RDA	-	-	396,638	396,638
Perpetual care	-	-	590,270	590,270
Park impact fees	510,538	-	93,882	604,420
Transportation impact fees	-	-	-	-
State liquor funds	-	-	-	-
Transportation tax	-	-	-	-
Assigned to:				
Capital projects	-	2,454,029	683,698	3,137,727
Special revenue - HUD grant	-	-	-	-
Special revenue - other	-	-	29,243	29,243
Unassigned	<u>2,326,702</u>	<u>-</u>	<u>-</u>	<u>2,326,702</u>
Total fund balances	<u>2,960,860</u>	<u>2,454,029</u>	<u>1,793,731</u>	<u>7,208,620</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,106,903</u>	<u>\$ 2,454,029</u>	<u>\$ 1,842,696</u>	<u>\$ 10,403,628</u>

The accompanying notes are an integral part of these statements.

**CLINTON CITY**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

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Total fund balances - governmental funds:		\$ 7,208,620
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 10,315,620	
Construction in progress	-	
Infrastructure	40,727,062	
Buildings	18,579,934	
Improvements	3,844,175	
Machinery and equipment	1,398,330	
Accumulated depreciation	<u>(22,415,787)</u>	
		52,449,334
Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,909,651	
Less: Internal payable representing charges in excess of cost to business type activities.		
Prior years	(212,527)	
Current year	<u>(189,396)</u>	
		1,507,728
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.		-
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		1,207,291
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		(123,604)
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Net pension liability	(2,258,799)	
Compensated absences	<u>(273,073)</u>	
		(2,531,872)
Net position of governmental activities		<u><u>\$ 59,717,497</u></u>

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The accompanying notes are an integral part of these statements.

**CLINTON CITY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 1,851,588	\$ -	\$ 74,152	\$ 1,925,740
Sales taxes	3,632,671	-	-	3,632,671
Franchise taxes	988,194	-	-	988,194
Fees-in-lieu of taxes	140,469	-	-	140,469
Licenses and permits	500,503	-	-	500,503
Intergovernmental	1,141,479	-	103,579	1,245,058
Charges for services	1,399,438	-	33,100	1,432,538
Fines and forfeitures	203,985	-	-	203,985
Miscellaneous revenue	297,136	35,770	51,971	384,877
Special revenues	368,523	-	-	368,523
Total revenues	<u>10,523,986</u>	<u>35,770</u>	<u>262,802</u>	<u>10,822,558</u>
<b>EXPENDITURES</b>				
Current				
General government	2,157,570	-	49,407	2,206,977
Public safety	3,946,551	-	-	3,946,551
Highways and public improvements	1,184,398	-	1,207,981	2,392,379
Parks and recreation	1,211,651	-	71,933	1,283,584
Cemeteries	81,360	-	-	81,360
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay				
General government	96,584	-	-	96,584
Public safety	49,422	-	-	49,422
Highways and public improvements	10,425	-	-	10,425
Parks and recreation	22,617	-	478,513	501,130
Cemeteries	75,849	-	-	75,849
Total expenditures	<u>8,836,427</u>	<u>-</u>	<u>1,807,834</u>	<u>10,644,261</u>
Excess (deficiency) of revenues over expenditures	<u>1,687,559</u>	<u>35,770</u>	<u>(1,545,032)</u>	<u>178,297</u>
<b>Other financing sources (uses)</b>				
Transfers in	168,026	912,000	1,258,479	2,338,505
Transfers out	(1,808,114)	-	(18,391)	(1,826,505)
Total other financing sources and uses	<u>(1,640,088)</u>	<u>912,000</u>	<u>1,240,088</u>	<u>512,000</u>
Net change in fund balances	47,471	947,770	(304,944)	690,297
Fund balances - beginning of year	<u>2,913,389</u>	<u>1,506,259</u>	<u>2,098,675</u>	<u>6,518,323</u>
Fund balances - end of year	<u>\$ 2,960,860</u>	<u>\$ 2,454,029</u>	<u>\$ 1,793,731</u>	<u>\$ 7,208,620</u>

The accompanying notes are an integral part of these statements.



**CLINTON CITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds	\$	690,297
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Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.

Capital outlays	\$	733,410	
Depreciation expense		<u>(1,493,822)</u>	(760,412)

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.

Infrastructure			390,705
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The Statement of Activities includes the net pension benefit (expense from the adoption of GASB 68, which is not included in the fund financial statements).			(206,368)
--	--	--	-----------

Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The net income of certain activities of the Internal Service Fund is reported with governmental activities.			381,397
--	--	--	---------

The disposition of capital assets results in the reporting of proceeds in the fund financial statements, but the net book value of the asset is reduced in the statement of activities.			(927)
---	--	--	-------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items is as follows:

Issuance of debt	-		
Amortization of premium	-		
Repayment of bond principal	<u>-</u>		-

Some expenses reported in the Statement of Activities do not require use of current financial resources and therefore, are not reported as expenditures in governmental funds.			<u>(18,848)</u>
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Change in net position of governmental activities	\$		<u><u>475,844</u></u>
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The accompanying notes are an integral part of these statements.

**CLINTON CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,380,493	\$ 885,593	\$ 470,746
Accounts receivable	328,106	202,703	131,826
Interfund receivable	-	-	-
Inventory	-	-	-
Prepaid expenses	178,108	-	-
Total current assets	<u>1,886,707</u>	<u>1,088,296</u>	<u>602,572</u>
Noncurrent assets:			
Restricted cash and cash equivalents	341,228	-	-
Net pension asset	-	-	-
Land	239,711	-	-
Construction in progress	14,734	-	-
Water stock	1,763,100	-	-
Depreciable assets	14,367,928	6,107,433	138,523
Less: accumulated depreciation	<u>(4,344,460)</u>	<u>(1,783,297)</u>	<u>(42,819)</u>
Total noncurrent assets	<u>12,382,241</u>	<u>4,324,136</u>	<u>95,704</u>
Total assets	<u>14,268,948</u>	<u>5,412,432</u>	<u>698,276</u>
Deferred outflows of resources - pension	<u>80,605</u>	<u>23,070</u>	<u>18,888</u>
Total assets and deferred outflows of resources	<u>14,349,553</u>	<u>5,435,502</u>	<u>717,164</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Current liabilities:			
Accounts payable	218,879	229,509	85,931
Accounts payable from restricted sources	-	-	-
Compensated absences	32,896	9,798	5,437
Salaries & Wages Payable	10,522	3,775	2,656
Interfund payable	1,062,000	-	-
Deposits	193,170	-	-
Total current liabilities	<u>1,517,467</u>	<u>243,082</u>	<u>94,024</u>
Noncurrent liabilities:			
Net pension liability	<u>169,049</u>	<u>51,346</u>	<u>39,577</u>
Total noncurrent liabilities	<u>169,049</u>	<u>51,346</u>	<u>39,577</u>
Deferred inflows of resources - pension	<u>2,580</u>	<u>(1,721)</u>	<u>637</u>
Total liabilities and deferred inflows of resources	<u>1,689,096</u>	<u>292,707</u>	<u>134,238</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,041,013	4,324,136	95,704
Restricted - impact fees	341,228	-	-
Unrestricted	<u>278,216</u>	<u>818,659</u>	<u>487,222</u>
Total net position	<u>\$ 12,660,457</u>	<u>\$ 5,142,795</u>	<u>\$ 582,926</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities
Storm Water	Sewer Special Service	Total	Internal Service Fund
\$ 680,918	\$ 291,858	\$ 3,709,608	\$ 618,063
42,501	7,239	712,375	-
-	-	-	-
-	-	-	-
-	-	178,108	44,508
723,419	299,097	4,600,091	662,571
1,036,837	-	1,378,065	-
-	-	-	-
409,963	-	649,674	-
-	-	14,734	513,030
-	-	1,763,100	-
9,935,952	1,556,605	32,106,441	4,463,684
(2,211,769)	(170,941)	(8,553,286)	(3,393,393)
9,170,983	1,385,664	27,358,728	1,583,321
9,894,402	1,684,761	31,958,819	2,245,892
27,949	2,796	153,308	34,870
9,922,351	1,687,557	32,112,127	2,280,762
9,542	3,354	547,215	276,902
-	-	-	-
12,243	1,359	61,733	15,200
5,664	361	22,978	4,651
-	-	1,062,000	-
-	-	193,170	-
27,449	5,074	1,887,096	296,753
61,112	5,797	326,881	73,762
61,112	5,797	326,881	73,762
(1,178)	144	462	596
87,383	11,015	2,214,439	371,111
8,134,146	1,385,664	25,980,663	1,583,321
1,036,837	-	1,378,065	-
663,985	290,878	2,538,960	326,330
\$ 9,834,968	\$ 1,676,542	29,897,688	\$ 1,909,651
		401,923	
		\$ 30,299,611	

**CLINTON CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>
<b>OPERATING REVENUE</b>			
Charges for service	\$ 1,839,224	\$ 2,213,132	\$ 1,403,184
Other	155,248	16,818	-
Total operating revenue	1,994,472	2,229,950	1,403,184
<b>OPERATING EXPENSES</b>			
Operation and maintenance	387,087	99,979	123,095
Sewage treatment	-	1,773,933	-
Source of supply	349,378	-	-
Depreciation	216,719	99,770	2,454
General expenses	295,672	103,120	185,672
Salaries	282,094	90,938	66,174
Employee benefits	183,591	53,488	47,546
Waste collection	-	-	395,478
Waste disposal	-	-	560,608
Vehicle operation	113,051	53,015	51,647
Total operating expenses	1,827,592	2,274,243	1,432,674
Operating income (loss)	166,880	(44,293)	(29,490)
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Impact fees	175,698	-	-
Interest revenue	44,399	18,925	11,096
Gain (loss) on sale	(82)	-	-
Total nonoperating revenue	220,015	18,925	11,096
Income (loss) before contributions	386,895	(25,368)	(18,394)
Transfers in (out)	(1,062,000)	-	-
Capital contributions	126,741	103,000	-
Change in net position	(548,364)	77,632	(18,394)
Net position - beginning	13,208,821	5,065,163	601,320
Net position - ending	\$ 12,660,457	\$ 5,142,795	\$ 582,926

Adjustment to reflect the consolidation of internal service fund activities  
related to enterprise funds

Changes in net position of business-type activities

Business-Type Activities - Enterprise Funds			Governmental Activities
Storm Water	Sewer Special Service	Total	Internal Service Fund
\$ 469,981	\$ 76,202	\$ 6,001,723	\$ 862,227
15,592	20,000	207,658	2,629
485,573	96,202	6,209,381	864,856
77,622	3,831	691,614	377,922
-	37,905	1,811,838	-
-	-	349,378	-
152,681	22,237	493,861	321,795
103,120	5,906	693,490	-
106,455	9,370	555,031	124,358
62,408	6,817	353,850	55,218
-	-	395,478	-
-	-	560,608	-
64,602	3,782	286,097	2,430
566,888	89,848	6,191,245	881,723
(81,315)	6,354	18,136	(16,867)
332,702	-	508,400	-
36,388	6,480	117,288	10,339
-	-	(82)	27,321
369,090	6,480	625,606	37,660
287,775	12,834	643,742	20,793
-	-	(1,062,000)	550,000
100,456	-	330,197	-
388,231	12,834	(88,061)	570,793
9,446,737	1,663,708		1,338,858
<u>\$ 9,834,968</u>	<u>\$ 1,676,542</u>		<u>\$ 1,909,651</u>
		189,396	
		<u>\$ 101,335</u>	

**CLINTON CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 1,997,290	\$ 2,221,878	\$ 1,400,686
Interfund services provided	-	-	-
Payments to employees	(263,614)	(85,487)	(61,846)
Payments to suppliers	(1,243,055)	(1,891,544)	(1,103,425)
Payments for interfund services used	(408,723)	(156,135)	(237,319)
Net cash from operating activities	81,898	88,712	(1,904)
<b>Cash Flows From Noncapital Financing Activities</b>			
Interfund loan	1,062,000	-	-
Transfers in/(out)	(1,062,000)	-	-
Net cash from noncapital financing activities	-	-	-
<b>Cash Flows From Capital and Related Financing Activities</b>			
Receipts for impact fees	175,698	-	-
Purchases of capital assets	(1,161,405)	-	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	(985,707)	-	-
<b>Cash Flows From Investing Activities</b>			
Interest and dividends received	44,399	18,925	11,096
Net cash from investing activities	44,399	18,925	11,096
Net increase (decrease in cash and cash equivalents)	(859,410)	107,637	9,192
Cash and cash equivalents, July 1	2,581,131	777,956	461,554
Cash and cash equivalents, June 30	<u>\$ 1,721,721</u>	<u>\$ 885,593</u>	<u>\$ 470,746</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 166,880	\$ (44,293)	\$ (29,490)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	216,719	99,770	2,454
(Increase) decrease in prepaid expenses	(11,712)	-	-
(Increase) decrease in accounts receivable	7,448	(8,072)	(2,498)
(Increase) decrease in inventory	-	-	20,875
Increase (decrease) in accounts payable	(311,287)	35,856	2,427
Increase (decrease) in compensated absences	1,562	952	(104)
Increase (decrease) in accrued expenses	76	(934)	493
Increase (decrease) in net pension liability	16,842	5,433	3,939
Increase (decrease) in deposits	(4,630)	-	-
Total adjustments	(84,982)	133,005	27,586
Net cash provided (used) by operating activities	<u>\$ 81,898</u>	<u>\$ 88,712</u>	<u>\$ (1,904)</u>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Contributed capital assets from developers	<u>\$ 126,741</u>	<u>\$ 103,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities
Storm Water	Sewer Special Service	Total	Internal Service Fund
\$ 486,059	\$ 95,696	\$ 6,201,609	\$ -
-	-	-	864,856
(97,102)	(8,618)	(516,667)	(111,418)
(132,990)	(45,199)	(4,416,213)	(168,690)
(167,722)	(9,688)	(979,587)	-
88,245	32,191	289,142	584,748
-	-	1,062,000	-
-	-	(1,062,000)	550,000
-	-	-	550,000
332,702	-	508,400	-
(151,385)	-	(1,312,790)	(985,483)
-	-	-	27,321
181,317	-	(804,390)	(958,162)
36,388	6,480	117,288	10,339
36,388	6,480	117,288	10,339
305,950	38,671	(397,960)	186,925
1,411,805	253,187	5,485,633	431,138
<b>\$ 1,717,755</b>	<b>\$ 291,858</b>	<b>\$ 5,087,673</b>	<b>\$ 618,063</b>
\$ (81,315)	\$ 6,354	\$ 18,136	\$ (16,867)
152,681	22,237	493,861	321,795
-	-	(11,712)	(6,809)
486	(506)	(3,142)	-
-	-	20,875	-
7,040	3,354	(262,610)	273,689
1,543	145	4,098	5,362
1,454	37	1,126	162
6,356	570	33,140	7,416
-	-	(4,630)	-
169,560	25,837	271,006	601,615
\$ 88,245	\$ 32,191	\$ 289,142	\$ 584,748
\$ 100,456	\$ -	\$ 330,197	\$ -

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Clinton City, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

**A. Reporting Entity**

Clinton City was incorporated in the State of Utah. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: Public safety, public utilities, highways and streets, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the following component units:

**Blended component units:** Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. The City has the following component units.

On June 9, 1992, the City adopted an ordinance creating the Clinton City Redevelopment Agency and designating the City Council of Clinton as the governing body of the Agency. The Redevelopment Agency is accounted for as a special revenue fund.

The City established the Clinton City Sanitary Sewer Special Service District to take care of a sewer lift station. This special service district is presented as a blended component unit with the enterprise funds.

In 2011, the City established Clinton PARCS to enhance community leadership and to promote liberal and fine arts. The component unit is presented as a blended component unit in the General Fund.



**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

***Government-wide Financial Statements***

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net positions are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. 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 revenues not meeting the definition of program revenues are reported as general revenues.

**Fund Financial Statements**

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds* and for *proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental funds:

**General Fund** - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

**Capital Projects Fund** - The Capital Projects fund accounts for the accumulation of resources to be used in capital projects of the City, which usually extend beyond one year.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

The City reports the following major proprietary funds:

**Sewer Fund-** The sewer fund is used to account for operations of the sewer system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Water Fund -** The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Solid Waste Fund -** The solid waste fund is used to account for operations of the solid waste system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Storm Water Fund -** The storm water fund is used to account for operations of the storm water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Sewer Special Service District Fund -** The sewer special service district fund is used to account for operations of a sewer lift station (a) that is financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

Additionally, the City reports the following fund type:

**Internal Service Fund** - The internal service fund is used to account for the operating costs of vehicles and equipment charged to the other departments or funds. The internal service fund primarily benefits the governmental funds and is included as part of governmental-type activities in the government-wide financial statements. The net profit or loss on the internal service fund operations is allocated to the functions that benefited from the goods or services provided on the basis of their proportionate benefit. This technique is commonly known as the look-back approach to internal service fund consolidations on the government-wide financial statements.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

**D. Assets, Liabilities, and Fund Balances/Net Position**

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

***Pooled Cash and Temporary Investments***

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Balances/Net Position (Continued)**

***Inventories***

The city reported inventories in the amount of \$0 for the year ended June 30, 2019.

***Restricted Assets***

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

***Capital Assets***

General capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$5,000.

Infrastructure capital assets which are newly constructed are capitalized. The City currently has infrastructure assets recorded.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30-50 years
Improvements	10-70 years
Equipment	5-10 years
Infrastructure	25-70 years

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Balances/Net Position (Continued)**

***Deferred Outflows/Inflows of Resources***

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements 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 will not be recognized as an inflow of resources (revenue) until that time.

***Pensions***

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

***Long-term Obligations***

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

***Equity***

**Fund financial statements**

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Balances/Net Position (Continued)**

*Equity*

- c. Committed fund balance - Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance - Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, 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.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

It is City's policy to first apply restricted resources when the expense is incurred for purposes for which both restricted and unrestricted net position are available.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues and Expenditures**

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

*Revenue Availability*

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

*Expenditure Recognition*

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds except for the CDBG Grant Special Revenue Fund which had no projected activity for the current year. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the City. Summary of City Budget Procedures and Calendar:

1. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for both the General and Special Revenue Funds.
3. Each year the City publishes a separate budget document prepared according to this legal level of control.
4. The City's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.
6. The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the City Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
  - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
  - b. The City Treasurer is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Summary of Action Required for Budget Changes:**

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

**G. Contributions**

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

**H. Compensated Absences**

City policy provides for vested or accumulated vacation leave. All compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.



**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. Restricted Resources**

The City's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**K. Bond Premium**

Bond premium related to the issuance of bonds is amortized over the life of the bond on a straight-line basis in the government-wide financial statements, but is recorded as revenue in the year of the bond issue in the governmental fund statements.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of City funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$473,255 of the City's bank balances of \$947,684 was uninsured and uncollateralized.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

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

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

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

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

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

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*Fair Value of Investments*

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

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

At June 30, 2019, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 11,194,558	\$ -	\$ 11,194,558	\$ -
Total debt securities	\$ 11,194,558	\$ -	\$ 11,194,558	\$ -

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

*Interest Rate Risk*

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

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

As of June 30, 2019, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	11,194,558	11,194,558	-	-	-
	11,194,558	11,194,558	-	-	-

*Credit Risk*

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

At June 30, 2019, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	11,194,558	-	-	-	11,194,558
	11,194,558	-	-	-	11,194,558

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:	
Cash on deposit	\$ 618,112
Petty cash	143
PTIF investment	<u>11,194,558</u>
Total cash and investments	<u>\$ 11,812,813</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Unrestricted Cash	\$ 8,843,420
Restricted Cash for:	
Transportation Impact Fees	-
RDA Fund	396,638
Cemetery	590,270
Park Impact Fees	604,420
Utility Impact Fees	<u>1,378,065</u>
Total cash and investments	<u>\$ 11,812,813</u>

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES**

The table below disaggregates the balances due from other government units and amounts reported as accounts receivable on the statement of net position under governmental activities. The receivables in the business-type activities are all due from customers for utility services provided.

<b>Governmental Activities:</b>	<b>Due from government units</b>	<b>Accounts Receivable</b>	<b>Total</b>
Receivables:			
Businesses - Franchise Tax	\$ -	\$ 122,361	\$ 122,361
Ambulance Billing Service Provider	-	78,384	78,384
Customers	-	6,554	6,554
Utah State Tax Commission	719,994	-	719,994
Utah Department of Transportation	172,297	-	172,297
County - Current Property Taxes	21,641	-	21,641
Taxpayers - Unavailable Taxes	1,881,600	-	1,881,600
State Grants	107,799	-	107,799
Gross receivables	2,903,331	207,299	3,110,630
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 2,903,331</u>	<u>\$ 207,299</u>	<u>\$ 3,110,630</u>

	<b>Accounts Payable Due To:</b>		
	<b>Other Governments</b>	<b>Vendors</b>	<b>Total</b>
General Fund	\$ 11,218	\$ 184,648	\$ 195,866
Capital Projects Fund	-	-	-
Nonmajor Governmental Funds	-	47,389	47,389
Water Fund	135,709	83,170	218,879
Sewer Fund	184,120	45,389	229,509
Solid Waste Fund		85,931	85,931
Storm Water Fund		9,542	9,542
Sewer Special Service	3,354	-	3,354
Internal Service Fund		276,902	276,902
Total	<u>\$ 334,401</u>	<u>\$ 732,971</u>	<u>\$ 1,067,372</u>

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	(Deletions)	Balance June 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated Assets				
Land	\$ 10,041,251	\$ 274,369	\$ -	\$ 10,315,620
Work in process	7,748	-	(7,748)	-
Total nondepreciated assets	10,048,999	274,369	(7,748)	10,315,620
Depreciated Assets				
Internal service	4,204,978	985,484	(213,746)	4,976,716
Infrastructure	40,248,622	478,439	-	40,727,061
Improvements	3,713,804	130,370	-	3,844,174
Buildings	18,389,522	190,413	-	18,579,935
Machinery and equipment	1,376,360	58,272	(36,304)	1,398,328
Total depreciated assets	67,933,286	1,842,978	(250,050)	69,526,214
Less accumulated depreciation				
Internal service	(3,285,345)	(321,795)	213,747	(3,393,393)
Infrastructure	(13,717,785)	(867,626)	-	(14,585,411)
Improvements	(1,481,672)	(91,166)	-	(1,572,838)
Buildings	(4,639,699)	(460,236)	-	(5,099,935)
Machinery and equipment	(1,118,184)	(74,794)	35,376	(1,157,602)
Total accumulated depreciation	(24,242,685)	(1,815,617)	249,123	(25,809,179)
Net assets depreciated	43,690,601	27,361	(927)	43,717,035
Governmental activities capital assets, net	\$ 53,739,600	\$ 301,730	\$ (8,675)	\$ 54,032,655

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

<b>BUSINESS-TYPE ACTIVITIES</b>	Balance June 30, 2018	Additions	(Deletions)	Balance June 30, 2019
Nondepreciated Assets				
Land	\$ 525,674	\$ 124,000	\$ -	\$ 649,674
Construction in progress	1,295,240	1,113,621	(2,394,127)	14,734
Water rights	1,763,100	-	-	1,763,100
	<u>3,584,014</u>	<u>1,237,621</u>	<u>(2,394,127)</u>	<u>2,427,508</u>
Depreciated Assets				
Solid waste	138,524	-	-	138,524
Water system	11,952,592	2,568,650	(153,317)	14,367,925
Sewer system	7,561,038	103,000	-	7,664,038
Storm water improvements	9,808,111	127,841	-	9,935,952
Total depreciated assets	<u>29,460,265</u>	<u>2,799,491</u>	<u>(153,317)</u>	<u>32,106,439</u>
Less accumulated depreciation				
Solid waste	(40,365.00)	(2,454)	-	(42,819)
Water system & equipment	(4,280,975)	(216,719)	153,235	(4,344,458)
Sewer system & equipment	(1,832,231)	(122,007)	-	(1,954,238)
Storm water improvements	(2,059,088)	(152,681)	-	(2,211,769)
Total	<u>(8,212,659)</u>	<u>(493,861)</u>	<u>153,235</u>	<u>(8,553,284)</u>
Net assets depreciated	<u>21,247,606</u>	<u>2,305,630</u>	<u>(82.00)</u>	<u>23,553,155</u>
Business-type activities capital assets, net	<u>\$ 24,831,60</u>	<u>\$ 3,543,251</u>	<u>\$ (2,394,209)</u>	<u>\$ 25,980,663</u>

**DEPRECIATION EXPENSE**

	Governmental Types	Business Types	Totals
General government	\$ 484,210	\$ -	\$ 484,210
Public Safety	48,184	-	48,184
Highways and improvements	908,896	-	908,896
Parks and recreation	52,532	-	52,532
Internal service*	321,795	-	321,795
Solid waste	-	2,454	2,454
Water system	-	216,719	216,719
Sewer system	-	122,007	122,007
Storm water improvements	-	152,681	152,681
TOTAL	<u>\$ 1,815,617</u>	<u>\$ 493,861</u>	<u>\$ 2,309,478</u>

\* Depreciation expense on capital assets held by the internal service fund is charged to the various functions based on their usage of the assets.



**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 - LONG-TERM DEBT**

Changes in Long-Term Liabilities – During the year, the following changes occurred in long-term liabilities for the governmental activities:

Description	Interest Rate	Outstanding 6/30/2018	Increase	Decrease	Outstanding 6/30/2019	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
Compensated Absences	N/A	\$ 264,063	\$ 24,210	\$ -	\$ 288,273	N/A
Net Pension Liability	N/A	1,220,807	1,111,754		2,332,561	N/A
<b>TOTAL</b>		<u>\$ 1,484,870</u>	<u>\$ 1,135,964</u>	<u>\$ -</u>	<u>\$ 2,620,834</u>	<u>N/A</u>

Changes in Long-Term Liabilities – During the year, the following changes occurred in long-term liabilities for the business-type activities:

Description	Interest Rate	Outstanding 6/30/2018	Increase	Decrease	Outstanding 6/30/2019	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>						
Compensated Absences	N/A	\$ 57,635	\$ 4,098	\$ -	\$ 61,733	N/A
Net Pension Liability	N/A	167,922	158,959		326,881	N/A
<b>TOTAL</b>		<u>\$ 225,557</u>	<u>\$ 163,057</u>	<u>\$ -</u>	<u>\$ 388,614</u>	<u>N/A</u>

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS**

General Information about the Pension Plan

**Plan Description:**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

**Defined Benefits Plans**

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System);
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employee retirement systems.

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

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

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

Benefits Provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

**Contributions:**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

<b>Utah Retirement Systems</b>	<b>Employee</b>	<b>Employer</b>	<b>Employer 401(k)</b>
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
23 - Other Division A with 2.5% COLA	12.29%	22.79%	N/A
122 - Tier 2 DB Hybrid Public Safety	N/A	23.09%	0.74%
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	11.83%	12.00%
232 Firefighters	N/A	0.08%	12.00%

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 264,934	N/A
Contributory System	14,747	6,119
Public Safety System	181,896	-
Firefighters System	14,842	48,709
Tier 2 Public Employees System	56,127	-
Tier 2 Public Safety and Firefighter	106,743	-
Tier 2 DC Only System	9,059	N/A
Tier 2 DC Public Safety and Firefighter	614	N/A
<b>Total Contributions</b>	<b>\$ 648,963</b>	<b>\$ 54,828</b>

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

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

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$2,659,441.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionat e Share	Proportionate Share December 31, 2016	Increase (Decrease)
Noncontributory System	\$ -	\$ 1,241,064	0.1685376%	0.1646383%	0.0038993%
Contributory System	-	216,786	0.5342150%	0.4751719%	0.0590431%
Public Safety System	-	1,044,867	0.4061546%	0.3992895%	0.0068651%
Firefighters System	-	133,993	1.0319315%	1.1001583%	0.0682268%
Tier 2 Public Employees System	-	12,404	0.0289622%	0.0270384%	0.0019238%
Tier 2 Public Safety and Firefighter	-	10,327	0.4121786%	0.3622222%	0.0499564%
	<u>\$ -</u>	<u>\$ 2,659,441</u>			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$893,058.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,114	\$ 99,611
Changes in assumptions	370,562	16,157
Net difference between projected and actual earnings on pension plan investments	590,945	-
Changes in proportion and differences between contributions and proportionate share of contributions	58,786	8,894
Contributions subsequent to the measurement date	326,062	-
Total	<u>\$ 1,395,469</u>	<u>\$ 124,662</u>

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

\$326,062 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 395,740
2020	127,220
2021	90,349
2022	302,099
2023	11,920
Thereafter	\$ 17,418

**Actuarial assumptions:**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50 percent

Salary increases 3.25 - 9.75 percent, average, including inflation

Investment rate of return 6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

**Discount Rate:**

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)**

<b>System</b>	<b>1% Decrease (5.95%)</b>	<b>Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Noncontributory System	\$ 2,543,512	\$ 1,241,064	\$ 156,469
Contributory System	460,201	216,786	11,881
Public Safety System	2,048,124	1,044,867	230,443
Firefighters System	500,017	133,993	(162,388)
Tier 2 Public Employees System	49,692	12,404	(16,373)
Tier 2 Public Safety and Firefighter	77,895	10,327	(41,379)
<b>Total</b>	<b>\$ 5,679,441</b>	<b>\$ 2,659,441</b>	<b>\$ 178,653</b>

**Defined Contribution Savings Plans:**

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

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

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

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

<b>401(k) Plan</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer Contributions	\$ 196,278	\$ 193,881	\$ 180,466
Employee Contributions	85,712	85,522	64,509
<b>457 Plan</b>			
Employer Contributions	-	-	-
Employee Contributions	9,455	8,923	9,238
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	28,579	24,991	20,157

**NOTE 7 - POST-EMPLOYMENT BENEFITS**

The only post-employment benefit offered by the City is health insurance for eighteen (18) months following termination. Employees covered and eligible are all employees who were covered by the insurance during employment. The participant is required to pay 100% of the premiums. The City is not required to contribute and therefore incurs no expense.

**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 - RISK MANAGEMENT**

Clinton City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman's compensation. As of June 30, 2019, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

**NOTE 9 - INTER-FUND TRANSFERS AND BALANCES**

Occasionally money is reallocated from one fund to another fund in order for the money to be used as it was originally intended. The transfers below took place for that very purpose and will not be repaid. Such amounts for the fiscal year ended June 30, 2019 were as follows:

<b>Transfers Out</b>	<b>General</b>	<b>Roadway</b>	<b>Park Acquisition</b>	<b>Motor Pool</b>	<b>Capital Projects</b>	<b>Water</b>	<b>Total</b>
<b>General</b>	\$ -	\$ 757,850	\$ 500,264	\$ 550,000	\$ -	\$ -	\$ 1,808,114
<b>Capital Projects</b>	-	-	-	-	-	-	-
<b>Redevelopment</b>	4,750	-	-	-	-	-	4,750
<b>PARCS</b>	13,276	-	-	-	-	-	13,276
<b>Water</b>	150,000	-	-	-	912,000	-	1,062,000
<b>HUD Grant</b>	-	365	-	-	-	-	365
<b>Totals</b>	<u>\$ 168,026</u>	<u>\$ 758,215</u>	<u>\$ 500,264</u>	<u>\$ 550,000</u>	<u>\$ 912,000</u>	<u>\$ -</u>	<u>\$ 2,888,505</u>

**NOTE 10 - REDEVELOPMENT AGENCY**

The Redevelopment Agency (RDA) collected tax increments of \$74,152 for the downtown area. There were no tax increments paid to any other taxing agency. The RDA expended funds in the following area:

Downtown beautification costs \$ 49,407

**NOTE 11 - CONTINGENT LIABILITIES**

Amount received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.



**CLINTON CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 12 - PROPERTY TAX CALENDAR**

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the City Council a tentative budget for the next fiscal year	1 <sup>st</sup> scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	Before Jun. 22
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

**NOTE 13 - COMPONENT UNIT**

During the 2011 fiscal year, the City established a separate entity called Clinton PARCS which is a component unit of the City. Clinton PARCS was established to improve the quality of life for the residents of the City by enhancing community leadership, promoting liberal and fine arts, and assisting parks and recreation employees.

**NOTE 14 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2019 all funds maintained expenditures below their appropriations.

The City is also required to maintain positive fund balances in each fund and has complied with this requirement.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**CLINTON CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,810,963	\$ 1,810,963	\$ 1,851,588	\$ 40,625
Sales taxes	3,300,814	3,300,814	3,632,671	331,857
Utility franchise taxes	1,085,590	1,085,590	988,194	(97,396)
Fees-in-lieu of taxes	165,610	165,610	140,469	(25,141)
Licenses and permits	607,580	607,580	500,503	(107,077)
Intergovernmental revenue	1,021,620	1,021,620	1,141,479	119,859
Charges for services	1,543,796	1,543,796	1,399,438	(144,358)
Fines and forfeitures	258,510	258,510	203,985	(54,525)
Miscellaneous revenue	280,820	280,820	297,136	16,316
Special revenues	488,000	488,000	368,523	(119,477)
<b>TOTAL REVENUES</b>	<b>10,563,303</b>	<b>10,563,303</b>	<b>10,523,986</b>	<b>(39,317)</b>
<b>EXPENDITURES</b>				
General government:				
Legislative	105,565	105,565	100,545	5,020
City manager	311,790	311,790	309,471	2,319
Judicial	240,520	240,520	229,749	10,771
Professional and technical	496,020	526,520	503,372	23,148
City treasurer	502,100	502,100	470,551	31,549
Buildings	189,895	208,355	184,385	23,970
Elections	-	-	-	-
Community development	498,768	498,768	456,081	42,687
<b>Total general government</b>	<b>2,344,658</b>	<b>2,393,618</b>	<b>2,254,154</b>	<b>139,464</b>
Public safety:				
Law enforcement	2,257,927	2,303,627	2,295,339	8,288
Debt service	-	-	-	-
Crossing guards	54,120	56,050	56,041	9
Fire protection	1,207,030	1,207,515	1,176,190	31,325
Ambulance services	462,244	462,244	453,082	9,162
DUI - enforcement	17,420	17,420	15,321	2,099
<b>Total public safety</b>	<b>3,998,741</b>	<b>4,046,856</b>	<b>3,995,973</b>	<b>50,883</b>
Highways and streets:				
Public works	279,940	291,310	290,854	456
Class "C" roads	1,047,459	927,459	903,969	23,490
Capital outlay	-	-	-	-
<b>Total highways and streets</b>	<b>1,327,399</b>	<b>1,218,769</b>	<b>1,194,823</b>	<b>23,946</b>

**CLINTON CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -**  
**BUDGET AND ACTUAL (CONTINUED)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
Parks and recreation:				
Parks	\$ 623,549	\$ 628,749	\$ 557,604	\$ 71,145
Recreation	780,538	379,640	343,697	35,943
Recreation programs	-	401,398	261,957	139,441
Clinton Fun Days	76,170	80,085	71,010	9,075
Total parks and recreation	1,480,257	1,489,872	1,234,268	255,604
Cemeteries	151,748	157,948	157,209	739
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
TOTAL EXPENDITURES	9,302,803	9,307,063	8,836,427	470,636
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,260,500	1,256,240	1,687,559	431,319
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriations from fund balance	-	5,700	-	(5,700)
Operating transfers in	153,750	552,991	168,026	(384,965)
Operating transfers out	(1,414,250)	(1,814,931)	(1,808,114)	6,817
TOTAL OTHER FINANCING SOURCES (USES)	(1,260,500)	(1,256,240)	(1,640,088)	(383,848)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	47,471	47,471
Fund balance - July 1	2,913,389	2,913,389	2,913,389	-
Fund balance - June 30	\$ 2,913,389	\$ 2,913,389	\$ 2,960,860	\$ 47,471

**CLINTON CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**JUNE 30, 2019**  
**with a measurement date of December 31, 2018**  
**Last 10 fiscal years\***

		<b>Noncontributory System</b>	<b>Contributory Retirement System</b>	<b>Public Safety System</b>	<b>Firefighters Retirement System</b>	<b>Tier 2 Public Employees Retirement System</b>	<b>Tier 2 Public Safety and Firefighters Retirement</b>
Proportion of the net pension liability (asset)	2019	0.1685376%	0.5342150%	0.4061546%	1.0319315%	0.28962200%	0.4121786%
	2018	0.1646383%	0.4751719%	0.3992895%	1.1001583%	0.02738400%	0.3622222%
	2017	0.1621956%	0.7212194%	0.3872833%	1.4730711%	0.02803710%	0.3411459%
	2016	0.1664893%	0.4962308%	0.3778680%	1.4734620%	0.02092888%	0.4203445%
	2015	0.1671658%	0.3938350%	0.3606163%	1.2907006%	0.0206221%	0.5474741%
Proportion share of the net pension liability (asset)	2019 \$	1,241,064	\$ 216,786	\$ 638,076	\$ 320,206	\$ 338,526	\$ 551,242
	2018	721,330	38,667	626,349	(68,711)	2,384	(4,191)
	2017	1,041,494	236,640	785,905	(11,613)	3,128	(2,961)
	2016	942,077	348,778	676,857	(26,687)	(46)	(6,141)
	2015	725,873	113,599	453,505	(73,652)	(625)	(8,099)
Covered employee payroll	2019 \$	1,434,830	\$ 99,989	\$ 638,076	\$ 320,206	\$ 338,526	\$ 551,242
	2018	1,391,470	96,420	646,854	321,864	264,470	382,214
	2017	1,376,360	173,049	636,026	413,942	229,926	281,864
	2016	1,425,241	211,438	621,237	396,127	135,256	250,088
	2015	1,460,824	210,676	654,191	337,205	101,318	226,345
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	86.50%	216.81%	163.75%	41.85%	3.66%	1.87%
	2018	51.84%	40.10%	96.83%	-21.35%	0.90%	-1.10%
	2017	75.67%	136.75%	123.56%	-2.81%	1.36%	-1.05%
	2016	66.10%	164.96%	108.95%	-6.74%	-0.03%	-2.46%
	2015	49.7%	53.9%	69.3%	-21.8%	-60.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	2019	87.0%	91.2%	84.7%	94.3%	90.8%	95.6%
	2018	91.9%	98.2%	90.2%	103.0%	97.4%	103.0%
	2017	87.3%	92.9%	86.5%	100.4%	95.1%	103.6%
	2016	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
	2015	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

**CLINTON CITY**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**JUNE 30, 2019**  
**with a measurement date of December 31, 2018**  
Last 10 fiscal years\*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 247,114	\$ 247,114	\$ -	\$ 1,503,908	16.43%
	2015	263,503	263,503	-	1,461,410	18.03%
	2016	249,505	249,505	-	1,350,864	18.47%
	2017	251,644	251,644	-	1,362,448	18.47%
	2018	272,623	272,623	-	1,463,584	18.63%
	2019	264,934	264,934	-	1,440,750	18.39%
Contributory System	2014	\$ 27,825	\$ 27,825	\$ -	\$ 210,295	13.23%
	2015	30,672	30,672	-	212,115	14.46%
	2016	30,049	30,049	-	207,809	14.46%
	2017	16,505	16,505	-	114,142	14.46%
	2018	14,714	14,714	-	101,755	14.46%
	2019	14,747	14,747	-	101,986	14.46%
Public Safety System	2014	\$ 178,272	\$ 178,272	\$ -	\$ 718,892	24.80%
	2015	175,738	175,738	-	625,499	28.10%
	2016	168,388	168,388	-	593,687	28.36%
	2017	183,335	183,335	-	638,132	28.73%
	2018	193,182	193,182	-	673,513	28.68%
	2019	181,896	181,896	-	642,342	28.32%
Firefighters System	2014	\$ 9,559	\$ 9,559	\$ -	\$ 324,274	2.95%
	2015	14,155	14,155	-	370,543	3.82%
	2016	15,927	15,927	-	400,683	3.97%
	2017	14,602	14,602	-	374,999	3.89%
	2018	12,644	12,644	-	324,138	3.90%
	2019	14,842	14,842	-	323,645	4.59%
Tier 2 Public Employees System**	2014	\$ 8,445	\$ 8,445	\$ -	\$ 60,367	13.99%
	2015	17,222	17,222	-	115,271	14.94%
	2016	26,323	26,323	-	176,416	14.92%
	2017	37,824	37,824	-	253,679	14.91%
	2018	47,660	47,660	-	315,423	15.11%
	2019	56,127	56,127	-	361,341	15.53%
Tier 2 Public Safety and Firefighter System**	2014	\$ 24,469	\$ 24,469	\$ -	\$ 193,422	12.65%
	2015	41,038	41,038	-	248,573	16.51%
	2016	45,286	45,286	-	256,330	17.67%
	2017	55,182	55,182	-	312,541	17.66%
	2018	79,267	79,267	-	479,140	16.54%
	2019	106,743	106,743	-	592,648	18.01%
Tier 2 Public Employees DC Only System**	2014	\$ 1,038	\$ 1,038	\$ -	\$ 18,610	5.58%
	2015	3,459	3,459	-	51,475	6.72%
	2016	6,017	6,017	-	89,940	6.69%
	2017	7,944	7,944	-	117,652	6.75%
	2018	7,697	7,697	-	115,642	6.66%
	2019	9,059	9,059	-	135,409	6.69%
Tier 2 Public Safety and Firefighters DC Only System**	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	1,528	1,528	-	12,915	11.83%
	2018	1,938	1,938	-	16,384	11.83%
	2019	614	614	-	5,114	12.00%

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

**CLINTON CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**UTAH RETIREMENT SYSTEMS**  
**JUNE 30, 2019**

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Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

# **SUPPLEMENTARY INFORMATION**



**CLINTON CITY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	Capital Projects					Permanent Fund
	Park Acquisition	Roadway Project	3000 West Project	Memorial Rock Project	Total	Perpetual Care
<b>ASSETS</b>						
Cash and cash equivalents	\$ 426,609	\$ 193,210	\$ -	\$ 7,689	\$ 627,508	\$ -
Restricted cash	93,882	-	-	-	93,882	590,270
Prepaid Expense	-	-	-	-	-	-
Due from other governmental units	103,579	-	-	-	103,579	-
Total assets	<u>\$ 624,070</u>	<u>\$ 193,210</u>	<u>\$ -</u>	<u>\$ 7,689</u>	<u>\$ 824,969</u>	<u>\$ 590,270</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 25,533	\$ -	\$ 2,207	\$ 27,740	\$ -
Accounts Payable from restricted sources	19,649	-	-	-	19,649	-
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	<u>19,649</u>	<u>25,533</u>	<u>-</u>	<u>2,207</u>	<u>47,389</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted for:						
Park impact fees	93,882	-	-	-	93,882	-
Special revenue - RDA	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	590,270
Assigned for:						
Park acquisition	510,539	-	-	-	510,539	-
Roadway projects	-	167,677	-	5,482	173,159	-
Special revenue - Housing Grant	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-
Community arts	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-
Total fund balances	<u>604,421</u>	<u>167,677</u>	<u>-</u>	<u>5,482</u>	<u>777,580</u>	<u>590,270</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 624,070</u>	<u>\$ 193,210</u>	<u>\$ -</u>	<u>\$ 7,689</u>	<u>\$ 824,969</u>	<u>\$ 590,270</u>

Redevelopment Agency	Special Revenue					Total	Total Nonmajor Governmental Funds
	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.		
\$ 1,275	\$ -	\$ -	\$ 13,269	\$ 15,492	\$ 482	\$ 30,518	\$ 658,026
396,638	-	-	-	-	-	396,638	1,080,790
301	-	-	-	-	-	301	301
-	-	-	-	-	-	-	103,579
<u>\$ 398,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,269</u>	<u>\$ 15,492</u>	<u>\$ 482</u>	<u>\$ 427,457</u>	<u>\$ 1,842,696</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,740
-	-	-	-	-	-	-	19,649
1,576	-	-	-	-	-	1,576	1,576
<u>1,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576</u>	<u>48,965</u>
-	-	-	-	-	-	-	93,882
396,638	-	-	-	-	-	396,638	396,638
-	-	-	-	-	-	-	590,270
-	-	-	-	-	-	-	510,539
-	-	-	-	-	-	-	173,159
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	13,269	15,492	-	28,761	28,761
-	-	-	-	-	482	482	482
<u>396,638</u>	<u>-</u>	<u>-</u>	<u>13,269</u>	<u>15,492</u>	<u>482</u>	<u>425,881</u>	<u>1,793,731</u>
<u>\$ 398,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,269</u>	<u>\$ 15,492</u>	<u>\$ 482</u>	<u>\$ 427,457</u>	<u>\$ 1,842,696</u>

**CLINTON CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Capital Projects					Permanent Fund Perpetual Care
	Park Acquisition	Roadway Project	3000 West Project	Memorial Rock Project	Total	
<b>REVENUES</b>						
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,100
Interest income	10,275	7,922	-	161	18,358	13,327
Donations	-	-	-	550	550	-
Intergovernmental	103,579	-	-	-	103,579	-
Fees/Miscellaneous	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-
Total revenues	<u>113,854</u>	<u>7,922</u>	<u>-</u>	<u>711</u>	<u>122,487</u>	<u>46,427</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Highways and public improvements	-	1,207,981	-	-	1,207,981	-
Parks and recreation	66,923	-	-	4,209	71,132	-
Cemeteries	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and public improvements	-	-	-	-	-	-
Parks and recreation	478,513	-	-	-	478,513	-
Total expenditures	<u>545,436</u>	<u>1,207,981</u>	<u>-</u>	<u>4,209</u>	<u>1,757,626</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(431,582)</u>	<u>(1,200,059)</u>	<u>-</u>	<u>(3,498)</u>	<u>(1,635,139)</u>	<u>46,427</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	500,264	758,215	-	-	1,258,479	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>500,264</u>	<u>758,215</u>	<u>-</u>	<u>-</u>	<u>1,258,479</u>	<u>-</u>
Net change in fund balances	68,682	(441,844)	-	(3,498)	(376,660)	46,427
Fund balance - beginning of year	<u>535,739</u>	<u>609,521</u>	<u>-</u>	<u>8,980</u>	<u>1,154,240</u>	<u>543,843</u>
Fund balance - end of year	<u>\$ 604,421</u>	<u>\$ 167,677</u>	<u>\$ -</u>	<u>\$ 5,482</u>	<u>\$ 777,580</u>	<u>\$ 590,270</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,100
8,751	-	-	-	-	-	8,751	40,436
-	-	-	820	10,060	-	10,880	11,430
-	-	-	-	-	-	-	103,579
-	-	-	-	-	105	105	105
74,152	-	-	-	-	-	74,152	74,152
82,903	-	-	820	10,060	105	93,888	262,802
49,407	-	-	-	-	-	49,407	49,407
-	-	-	-	-	-	-	1,207,981
-	-	-	801	-	-	801	71,933
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	478,513
49,407	-	-	801	-	-	50,208	1,807,834
33,496	-	-	19	10,060	105	43,680	(1,545,032)
-	-	-	-	-	-	-	1,258,479
(4,750)	(365)	-	-	(13,276)	-	(18,391)	(18,391)
(4,750)	(365)	-	-	(13,276)	-	(18,391)	1,240,088
28,746	(365)	-	19	(3,216)	105	25,289	(304,944)
367,892	365	-	13,250	18,708	377	400,592	2,098,675
\$ 396,638	\$ -	\$ -	\$ 13,269	\$ 15,492	\$ 482	\$ 425,881	\$ 1,793,731

## **AUDITORS' REPORTS & FINDINGS**

**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***

To the Mayor and City Council of  
Clinton City

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated December 6, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clinton 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 Clinton City's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinton 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 Clinton 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Child, Richards CPAs & Advisors*

Ogden, Utah  
December 6, 2019

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Mayor and City Council of  
Clinton City

**Report On Compliance**

We have audited Clinton City’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Clinton City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance	Restricted Taxes and Related Revenues
Fund Balance	Open and Public Meetings Act
Justice Courts	Public Treasurer’s Bond
Utah Retirement Systems	Cash Management
Impact Fees	Transfers from Utility Enterprise Funds
Tax Levy Revenue Recognition	

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on Clinton City’s compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Clinton 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 state compliance requirement referred to above. However, our audit does not provide a legal determination of Clinton City’s compliance with those requirements.



### ***Opinion on Compliance***

In our opinion, Clinton City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures did not identify instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*. Other matters were communicated to management in a separate letter dated December 6, 2019.

### **Report On Internal Control Over Compliance**

Management of Clinton City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clinton City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clinton 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 to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Child, Richards CPAs & Advisors*

Ogden, Utah  
December 6, 2019