

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, 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, budgetary comparison information, schedule of the proportionate share of the net pension liability, and the schedule of contributions on pages 3-7 and 48-53 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 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 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 November 6, 2020, 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
November 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2020.

HIGHLIGHTS

Net position of the city increased by \$5,955,669. Of this amount, business-type activities increased by \$1,935,853 and governmental activities increased by \$4,019,816.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$95,972,777 (net position). Of this amount, \$10,425,659 (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 \$7,610,659, an increase of \$402,038 compared to the prior years' ending amount. Of the combined total fund balance, \$1,874,838 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, 2020, totaling \$1,958,509 is 17.76% of the General Fund total revenues for the year. The General Fund has \$180,917 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$118,847 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, 2020**

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, Capital Projects Fund, and Roadway Project fund which are considered to be major funds. Data from the other ten 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, 2020**

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
	2020	2019	2020	2019	2020	2019
Cash	\$ 7,641,288	\$ 6,725,140	\$ 4,987,525	\$ 5,087,673	\$ 12,628,813	\$ 11,812,813
Other assets	4,624,153	3,939,136	410,428	230,406	5,034,581	4,169,542
Capital assets	57,647,801	54,032,655	28,064,715	25,980,663	85,712,516	80,013,318
Deferred outflows of resources	633,592	1,242,161	66,687	153,308	700,279	1,395,469
Total assets and deferred outflows	<u>70,546,834</u>	<u>65,939,092</u>	<u>33,529,355</u>	<u>31,452,050</u>	<u>104,076,189</u>	<u>97,391,142</u>
Noncurrent liabilities	1,578,037	2,620,834	269,557	388,614	1,847,594	3,009,448
Other liabilities	2,562,933	1,594,961	938,097	763,363	3,501,030	2,358,324
Total liabilities	<u>4,140,970</u>	<u>4,215,795</u>	<u>1,207,654</u>	<u>1,151,977</u>	<u>5,348,624</u>	<u>5,367,772</u>
Deferred inflows of resources	2,668,551	2,005,800	86,237	462	2,754,788	2,006,262
Total liabilities and deferred inflows	<u>6,809,521</u>	<u>6,221,595</u>	<u>1,293,891</u>	<u>1,152,439</u>	<u>8,103,412</u>	<u>7,374,034</u>
Net position:						
Net investment in capital assets	54,552,759	48,879,949	28,064,715	25,980,663	82,617,474	74,860,612
Restricted	1,726,722	1,591,328	1,202,922	1,378,065	2,929,644	2,969,393
Unrestricted	7,457,832	9,246,220	2,967,827	2,940,883	10,425,659	12,187,103
Total net position	<u>\$ 63,737,313</u>	<u>\$ 59,717,497</u>	<u>\$ 32,235,464</u>	<u>\$ 30,299,611</u>	<u>\$ 95,972,777</u>	<u>\$ 90,017,108</u>

The largest component of the City's net position, 86.08%, 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 3.05% of the total net position and is subject to external restrictions on how they may be used. The remaining 10.87% 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, 2020**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,116,681	\$ 2,704,748	\$ 6,536,173	\$ 6,209,381	\$ 8,652,854	\$ 8,914,129
Operating grants and contributions	1,199,265	1,139,560	-	-	1,199,265	1,139,560
Capital grants and contributions	4,463,229	846,795	-	-	4,463,229	846,795
General revenues:						
Property taxes	1,943,715	1,925,740	-	-	1,943,715	1,925,740
Sales taxes	3,917,639	3,632,671	-	-	3,917,639	3,632,671
Other taxes	1,140,988	1,128,663	-	-	1,140,988	1,128,663
Impact fees	-	-	2,263,482	838,597	2,263,482	838,597
Special revenues	-	-	-	-	-	-
Interest	120,230	141,714	75,348	117,206	195,578	258,920
Other	102,491	73,842	-	-	102,491	73,842
Total revenues	15,004,238	11,593,733	8,875,003	7,165,184	23,879,241	18,758,917
Expenses:						
General government	2,879,308	2,763,820	-	-	2,879,308	2,763,820
Public safety	4,308,646	4,093,887	-	-	4,308,646	4,093,887
Highways and public improvements	2,252,079	3,320,479	-	-	2,252,079	3,320,479
Parks and recreation	1,442,726	1,325,389	-	-	1,442,726	1,325,389
Cemeteries	101,663	126,314	-	-	101,663	126,314
Interest on debt	-	-	-	-	-	-
Sewer special service	-	-	100,449	87,344	100,449	87,344
Solid waste	-	-	1,636,974	1,398,484	1,636,974	1,398,484
Storm water	-	-	1,015,813	524,122	1,015,813	524,122
Water	-	-	1,829,117	1,752,752	1,829,117	1,752,752
Sewer	-	-	2,356,797	2,239,147	2,356,797	2,239,147
Total expenses	10,984,422	11,629,889	6,939,150	6,001,849	17,923,572	17,631,738
Transfers in (out)	-	512,000	-	(1,062,000)	-	(550,000)
Change in net position	4,019,816	475,844	1,935,853	101,335	5,955,669	577,179
Net position-beginning	59,717,497	59,241,653	30,299,611	30,198,276	90,017,108	89,439,929
Net position-ending	\$ 63,737,313	\$ 59,717,497	\$ 32,235,464	\$ 30,299,611	\$ 95,972,777	\$ 90,017,108

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$4,019,816 for the year.

Business-Type Activities

The business-type activities increased net position by \$1,935,853. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a surplus with the exception of the Sewer Fund and Storm Water Fund which had operating losses of \$121,547 and \$550,207, respectively.

Capital Assets

Clinton City added \$5,546,838 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$2,272,541. The following assets were acquired or constructed: machinery and equipment \$135,280; \$3,132,120 in infrastructure; \$227,189 in improvements; work in process \$1,558,509; and internal service equipment and vehicles in the amount of \$493,740. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund decreased by \$702,587. The fund balances in the other Governmental Funds increased by \$1,104,625. The Net Position in the Enterprise Funds increased by \$1,871,456.

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 \$519,535 above the original budget and \$420,769 above the final adjusted budget. Actual General Fund expenditures before transfers were \$450,345 below the original budget and \$679,795 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,914,566	\$ 3,784,603	\$ 9,699,169
Restricted cash	1,726,722	1,202,922	2,929,644
Accounts receivable	177,104	762,951	940,055
Due from other governmental units	3,524,278	-	3,524,278
Prepaid expenses	161,766	198,626	360,392
Inventory	52,770	28,512	81,282
Internal balances	595,680	(595,680)	-
Net pension asset	112,555	16,019	128,574
Capital assets (net of accumulated depreciation):			
Land	10,315,620	649,674	10,965,294
Construction in progress	1,558,509	-	1,558,509
Infrastructure	28,393,188	25,651,941	54,045,129
Buildings	13,014,962	-	13,014,962
Improvements	2,404,373	-	2,404,373
Machinery and equipment	1,961,149	-	1,961,149
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	<u>69,913,242</u>	<u>33,462,668</u>	<u>103,375,910</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	633,592	66,687	700,279
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>70,546,834</u>	<u>33,529,355</u>	<u>104,076,189</u>
LIABILITIES			
Cash overdraft	353,059	-	353,059
Accounts payable and accrued expenses	1,376,509	651,203	2,027,712
Accounts payable from restricted resources	29,475	96,294	125,769
Deposits	803,890	190,600	994,490
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	1,578,037	269,557	1,847,594
TOTAL LIABILITIES	<u>4,140,970</u>	<u>1,207,654</u>	<u>5,348,624</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,941,729	-	1,941,729
Deferred inflows of resources related to pensions	726,822	86,237	813,059
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,668,551</u>	<u>86,237</u>	<u>2,754,788</u>
NET POSITION			
Net investment in capital assets	54,552,759	28,064,715	82,617,474
Restricted for:			
Debt service - revenue bond	-	-	-
Redevelopment agency	365,774	-	365,774
Perpetual care	642,163	-	642,163
Transportation impact fees	-	-	-
Class C roads	143,904	-	143,904
Park impact fees	537,868	-	537,868
Transportation tax	37,013	-	37,013
Utility impact fees	-	1,202,922	1,202,922
Unrestricted	7,457,832	2,967,827	10,425,659
TOTAL NET POSITION	<u>\$ 63,737,313</u>	<u>\$ 32,235,464</u>	<u>\$ 95,972,777</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 2,879,308	\$ 727,774	\$ 18,313	\$ -	\$ (2,133,221)	\$ -	\$ (2,133,221)
Public safety	4,308,646	715,084	17,000	126,711	(3,449,851)	-	(3,449,851)
Highways and improvements	2,252,079	458,250	1,163,952	2,602,211	1,972,334	-	1,972,334
Parks and recreation	1,442,726	125,298	-	1,734,307	416,879	-	416,879
Cemeteries	101,663	90,275	-	-	(11,388)	-	(11,388)
Interest on long term debt	-	-	-	-	-	-	-
Total governmental activities	10,984,422	2,116,681	1,199,265	4,463,229	(3,205,247)	-	(3,205,247)
Business-type activities:							
Water	1,829,117	2,034,824	-	878,212	-	1,083,919	1,083,919
Sewer	2,356,797	2,246,311	-	658,200	-	547,714	547,714
Solid waste	1,636,974	1,666,512	-	-	-	29,538	29,538
Storm water	1,015,813	480,011	-	727,070	-	191,268	191,268
Sewer special service	100,449	108,515	-	-	-	8,066	8,066
Total business-type activities	6,939,150	6,536,173	-	2,263,482	-	1,860,505	1,860,505
Total primary government	\$ 17,923,572	\$ 8,652,854	\$ 1,199,265	\$ 6,726,711	(3,205,247)	1,860,505	(1,344,742)
General revenues:							
Property taxes					1,943,715	-	1,943,715
Sales taxes					3,917,639	-	3,917,639
Franchise taxes					1,000,749	-	1,000,749
Fees-in-lieu of taxes					140,239	-	140,239
Miscellaneous					102,491	-	102,491
Interest earnings					120,230	75,348	195,578
Transfers in (out)					-	-	-
Total general revenues and transfers					7,225,063	75,348	7,300,411
Change in net position					4,019,816	1,935,853	5,955,669
Net position - beginning					59,717,497	30,299,611	90,017,108
Net position - ending					\$ 63,737,313	\$ 32,235,464	\$ 95,972,777

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Capital Projects Fund	Roadway Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,901,572	\$ 2,797,838	\$ 697,521	\$ 43,763	\$ 5,440,694
Restricted cash	180,917	-	-	1,545,805	1,726,722
Accounts receivable	177,104	-	-	-	177,104
Due from other governmental units	2,905,640	-	75,000	543,638	3,524,278
Interfund receivable	150,000	912,000	-	-	1,062,000
Inventory	52,770	-	-	-	52,770
Prepaid expenses	118,847	-	-	-	118,847
Total assets	<u>\$ 5,486,850</u>	<u>\$ 3,709,838</u>	<u>\$ 772,521</u>	<u>\$ 2,133,206</u>	<u>\$ 12,102,415</u>
LIABILITIES					
Cash overdraft	\$ -	\$ -	\$ -	\$ 353,059	\$ 353,059
Accounts payable	130,230	-	621,763	274,250	1,026,243
Accounts payable from restricted sources	16,949	-	-	12,526	29,475
Other accrued liabilities	335,779	-	-	1,581	337,360
Customer deposits	803,890	-	-	-	803,890
Total liabilities	<u>1,286,848</u>	<u>-</u>	<u>621,763</u>	<u>641,416</u>	<u>2,550,027</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property Taxes	<u>1,941,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,941,729</u>
Total deferred inflows of resources	<u>1,941,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,941,729</u>
FUND BALANCES					
Nonspendable:					
Prepays	118,847	-	-	-	118,847
Restricted for:					
Special revenue - RDA	-	-	-	365,774	365,774
Perpetual care	-	-	-	642,163	642,163
Park impact fees	-	-	-	537,868	537,868
Transportation impact fees	-	-	-	-	-
State liquor funds	-	-	-	-	-
Class C roads	143,904	-	-	-	143,904
Transportation tax	37,013	-	-	-	37,013
Assigned to:					
Capital projects	-	3,709,838	150,758	-	3,860,596
Special revenue - HUD grant	-	-	-	-	-
Special revenue - other	-	-	-	29,656	29,656
Unassigned	<u>1,958,509</u>	<u>-</u>	<u>-</u>	<u>(83,671)</u>	<u>1,874,838</u>
Total fund balances	<u>2,258,273</u>	<u>3,709,838</u>	<u>150,758</u>	<u>1,491,790</u>	<u>7,610,659</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,486,850</u>	<u>\$ 3,709,838</u>	<u>\$ 772,521</u>	<u>\$ 2,133,206</u>	<u>\$ 12,102,415</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, 2020

Total fund balances - governmental funds:		\$ 7,610,659
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	1,558,509	
Infrastructure	43,859,182	
Buildings	18,579,934	
Improvements	4,071,364	
Machinery and equipment	1,518,610	
Accumulated depreciation	<u>(23,924,709)</u>	
		55,978,510
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.	2,113,664	
Less: Internal payable representing charges in excess of cost to business type activities.		
Prior years	(401,923)	
Current year	<u>(64,397)</u>	
		1,647,344
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		109,198
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		616,866
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		(708,259)
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	(1,187,154)	
Compensated absences	<u>(329,851)</u>	
		(1,517,005)
Net position of governmental activities		<u><u>\$ 63,737,313</u></u>

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, 2020

	General Fund	Capital Projects Fund	Roadway Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property taxes	\$ 1,943,715	\$ -	\$ -	\$ -	\$ 1,943,715
Sales taxes	3,917,639	-	-	-	3,917,639
Franchise taxes	1,000,749	-	-	-	1,000,749
Fees-in-lieu of taxes	140,239	-	-	-	140,239
Licenses and permits	513,318	-	-	-	513,318
Intergovernmental	1,247,957	-	258,896	1,426,992	2,933,845
Charges for services	1,332,332	-	-	40,150	1,372,482
Fines and forfeitures	139,113	-	-	-	139,113
Miscellaneous revenue	323,619	32,693	6,345	41,662	404,319
Special revenues	469,452	-	-	-	469,452
Total revenues	11,028,133	32,693	265,241	1,508,804	12,834,871
EXPENDITURES					
Current					
General government	2,271,756	-	-	33,434	2,305,190
Public safety	4,311,183	-	-	-	4,311,183
Highways and public improvements	893,562	-	426,756	-	1,320,318
Parks and recreation	1,264,432	-	-	117,479	1,381,911
Cemeteries	90,883	-	-	-	90,883
Debt service					
Principal	-	-	-	-	-
Interest and fees	-	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Public safety	56,331	-	-	-	56,331
Highways and public improvements	1,500	-	859,579	1,510,663	2,371,742
Parks and recreation	77,450	-	-	227,189	304,639
Cemeteries	47,846	-	-	-	47,846
Total expenditures	9,014,943	-	1,286,335	1,888,765	12,190,043
Excess (deficiency) of revenues over expenditures	2,013,190	32,693	(1,021,094)	(379,961)	644,828
Other financing sources (uses)					
Transfers in	14,810	1,423,116	1,004,174	260,507	2,702,607
Transfers out	(2,730,587)	(200,000)	-	(14,810)	(2,945,397)
Total other financing sources and uses	(2,715,777)	1,223,116	1,004,174	245,697	(242,790)
Net change in fund balances	(702,587)	1,255,809	(16,920)	(134,264)	402,038
Fund balances - beginning of year	2,960,860	2,454,029	167,678	1,626,054	7,208,621
Fund balances - end of year	\$ 2,258,273	\$ 3,709,838	\$ 150,758	\$ 1,491,790	\$ 7,610,659

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, 2020

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds	\$	402,038
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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	\$ 2,780,558	
Depreciation expense	<u>(1,523,922)</u>	1,256,636

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		2,272,541
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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).

5,763

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.

139,616

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.

-

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.

(56,778)

Change in net position of governmental activities	\$	<u><u>4,019,816</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, 2020

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 1,356,832	\$ 795,569	\$ 483,550
Accounts receivable	345,223	208,795	157,411
Interfund receivable	-	-	-
Inventory	8,622	-	15,709
Prepaid expenses	198,626	-	-
Total current assets	<u>1,909,303</u>	<u>1,004,364</u>	<u>656,670</u>
Noncurrent assets:			
Restricted cash and cash equivalents	395,615	11,738	-
Net pension asset	8,485	2,276	1,851
Land	239,711	-	-
Construction in progress	-	-	-
Water stock	1,763,100	-	-
Depreciable assets	15,641,358	6,804,119	138,523
Less: accumulated depreciation	<u>(4,607,441)</u>	<u>(1,886,147)</u>	<u>(45,273)</u>
Total noncurrent assets	<u>13,440,828</u>	<u>4,931,986</u>	<u>95,101</u>
Total assets	<u>15,350,131</u>	<u>5,936,350</u>	<u>751,771</u>
Deferred outflows of resources - pension	<u>34,722</u>	<u>10,765</u>	<u>8,877</u>
Total assets and deferred outflows of resources	<u>15,384,853</u>	<u>5,947,115</u>	<u>760,648</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	163,714	194,894	106,124
Accounts payable from restricted sources	15,907	-	-
Compensated absences	45,187	11,034	6,720
Salaries & Wages Payable	19,079	4,639	3,583
Interfund payable	1,062,000	-	-
Deposits	190,600	-	-
Total current liabilities	<u>1,496,487</u>	<u>210,567</u>	<u>116,427</u>
Noncurrent liabilities:			
Net pension liability	<u>95,321</u>	<u>31,574</u>	<u>23,491</u>
Total noncurrent liabilities	<u>95,321</u>	<u>31,574</u>	<u>23,491</u>
Deferred inflows of resources - pension	<u>48,014</u>	<u>10,464</u>	<u>10,550</u>
Total liabilities and deferred inflows of resources	<u>1,639,822</u>	<u>252,605</u>	<u>150,468</u>
NET POSITION			
Net investment in capital assets	13,036,728	4,917,972	93,250
Restricted - impact fees	395,615	11,738	-
Unrestricted	<u>312,688</u>	<u>764,800</u>	<u>516,930</u>
Total net position	<u>\$ 13,745,031</u>	<u>\$ 5,694,510</u>	<u>\$ 610,180</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 Internal Service Fund
Storm Water	Sewer Special Service	Total	
\$ 821,761	\$ 326,891	\$ 3,784,603	\$ 473,872
42,611	8,911	762,951	-
-	-	-	-
4,181	-	28,512	-
-	-	198,626	42,919
868,553	335,802	4,774,692	516,791
795,569	-	1,202,922	-
3,150	257	16,019	3,357
409,963	-	649,674	-
-	-	-	-
-	-	1,763,100	-
10,611,444	1,556,605	34,752,049	5,185,683
(2,368,068)	(193,179)	(9,100,108)	(3,516,392)
9,452,058	1,363,683	29,283,656	1,672,648
10,320,611	1,699,485	34,058,348	2,189,439
10,917	1,406	66,687	16,726
10,331,528	1,700,891	34,125,035	2,206,165
148,035	4,128	616,895	6,569
80,387	-	96,294	-
17,498	1,425	81,864	16,422
6,617	390	34,308	6,337
-	-	1,062,000	-
-	-	190,600	-
252,537	5,943	2,081,961	29,328
33,744	3,563	187,693	44,610
33,744	3,563	187,693	44,610
15,688	1,521	86,237	18,563
301,969	11,027	2,355,891	92,501
8,653,339	1,363,426	28,064,715	1,669,291
795,569	-	1,202,922	-
580,651	326,438	2,501,507	444,373
\$ 10,029,559	\$ 1,689,864	31,769,144	\$ 2,113,664
		466,320	
		\$ 32,235,464	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,908,630	\$ 2,242,532	\$ 1,666,512
Other	126,194	3,779	-
Total operating revenue	2,034,824	2,246,311	1,666,512
OPERATING EXPENSES			
Operation and maintenance	292,107	182,136	83,097
Sewage treatment	-	1,793,641	-
Source of supply	380,359	-	-
Depreciation	262,981	102,850	2,454
General expenses	298,979	104,273	187,748
Salaries	318,877	85,546	69,646
Employee benefits	186,851	51,439	47,724
Waste collection	-	-	407,017
Waste disposal	-	-	800,539
Vehicle operation	115,622	47,973	50,361
Total operating expenses	1,855,776	2,367,858	1,648,586
Operating income (loss)	179,048	(121,547)	17,926
NONOPERATING REVENUE (EXPENSES)			
Impact fees	221,535	11,738	-
Interest revenue	27,314	15,062	9,328
Gain (loss) on sale	-	-	-
Total nonoperating revenue	248,849	26,800	9,328
Income (loss) before contributions	427,897	(94,747)	27,254
Transfers in (out)	-	-	-
Capital contributions	656,677	646,462	-
Change in net position	1,084,574	551,715	27,254
Net position - beginning	12,660,457	5,142,795	582,926
Net position - ending	\$ 13,745,031	\$ 5,694,510	\$ 610,180

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
\$ 474,661	\$ 91,715	\$ 6,384,050	\$ 884,805
5,350	16,800	152,123	-
480,011	108,515	6,536,173	884,805
525,730	7,906	1,090,976	370,970
-	45,818	1,839,459	-
-	-	380,359	-
156,299	22,237	546,821	407,771
104,273	5,973	701,246	-
118,386	9,574	602,029	126,182
63,055	6,741	355,810	53,208
-	-	407,017	-
-	-	800,539	-
62,475	2,860	279,291	2,411
1,030,218	101,109	7,003,547	960,542
(550,207)	7,406	(467,374)	(75,737)
192,204	-	425,477	-
17,728	5,916	75,348	7,217
-	-	-	29,743
209,932	5,916	500,825	36,960
(340,275)	13,322	33,451	(38,777)
-	-	-	242,790
534,866	-	1,838,005	-
194,591	13,322	1,871,456	204,013
9,834,968	1,676,542		1,909,651
\$ 10,029,559	\$ 1,689,864		\$ 2,113,664
		64,397	
		\$ 1,935,853	

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,015,137	\$ 2,240,219	\$ 1,640,927
Interfund services provided	-	-	-
Payments to employees	(288,924)	(81,003)	(65,450)
Payments to suppliers	(927,715)	(2,061,833)	(1,333,892)
Payments for interfund services used	(414,601)	(152,246)	(238,109)
Net cash from operating activities	383,897	(54,863)	3,476
Cash Flows From Noncapital Financing Activities			
Interfund loan	-	-	-
Transfers in/(out)	-	-	-
Net cash from noncapital financing activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	221,535	11,738	-
Purchases of capital assets	(602,020)	(50,223)	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	(380,485)	(38,485)	-
Cash Flows From Investing Activities			
Interest and dividends received	27,314	15,062	9,328
Net cash from investing activities	27,314	15,062	9,328
Net increase (decrease in cash and cash equivalents)	30,726	(78,286)	12,804
Cash and cash equivalents, July 1	1,721,721	885,593	470,746
Cash and cash equivalents, June 30	<u>\$ 1,752,447</u>	<u>\$ 807,307</u>	<u>\$ 483,550</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 179,048	\$ (121,547)	\$ 17,926
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	262,981	102,850	2,454
(Increase) decrease in prepaid expenses	(20,518)	-	-
(Increase) decrease in accounts receivable	(17,117)	(6,092)	(25,585)
(Increase) decrease in inventory	(8,622)	-	(15,708)
Increase (decrease) in accounts payable	(39,258)	(34,617)	20,193
Increase (decrease) in compensated absences	12,291	1,236	1,282
Increase (decrease) in accrued expenses	8,558	865	927
Increase (decrease) in net pension liability	9,104	2,442	1,987
Increase (decrease) in deposits	(2,570)	-	-
Total adjustments	204,849	66,684	(14,450)
Net cash provided (used) by operating activities	<u>\$ 383,897</u>	<u>\$ (54,863)</u>	<u>\$ 3,476</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ 656,677</u>	<u>\$ 646,462</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Storm Water	Sewer Special Service	Total	
\$ 479,901	\$ 106,844	\$ 6,483,028	\$ -
-	-	-	884,805
(112,980)	(9,203)	(557,560)	(119,672)
(369,904)	(59,691)	(4,753,035)	(695,333)
(166,748)	(8,833)	(980,537)	-
(169,731)	29,117	191,896	69,800
-	-	-	-
-	-	-	242,790
-	-	-	242,790
192,204	-	425,477	-
(140,626)	-	(792,869)	(493,741)
-	-	-	29,743
51,578	-	(367,392)	(463,998)
17,728	5,916	75,348	7,217
17,728	5,916	75,348	7,217
(100,425)	35,033	(100,148)	(144,191)
1,717,755	291,858	5,087,673	618,063
\$ 1,617,330	\$ 326,891	\$ 4,987,525	\$ 473,872
\$ (550,207)	\$ 7,406	\$ (467,374)	\$ (75,737)
156,299	22,237	546,821	407,771
-	-	(20,518)	1,589
(110)	(1,671)	(50,575)	-
(4,182)	-	(28,512)	-
218,881	774	165,973	(270,333)
5,255	66	20,130	1,222
953	29	11,332	1,686
3,380	276	17,189	3,602
-	-	(2,570)	-
380,476	21,711	659,270	145,537
\$ (169,731)	\$ 29,117	\$ 191,896	\$ 69,800
\$ 534,866	\$ -	\$ 1,838,005	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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.

Roadway Projects Fund - The Roadway Projects fund accounts for street construction, maintenance, and repair purposes.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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 \$81,282 for the year ended June 30, 2020.

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, 2020

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, 2020

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, 2020

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, 2020

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 and HUD Housing 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, 2020

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, 2020, \$0 of the City's bank balances of \$358,190 was uninsured and uncollateralized.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020, the City had the following recurring fair value measurements.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 12,478,025	\$ -	\$ 12,478,025	\$ -
Total debt securities	<u>\$ 12,478,025</u>	<u>\$ -</u>	<u>\$ 12,478,025</u>	<u>\$ -</u>

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, 2020 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, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2020, 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	12,478,025	12,478,025	-	-	-
	12,478,025	12,478,025	-	-	-

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, 2020, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	12,478,025	-	-	-	12,478,025
	12,478,025	-	-	-	12,478,025

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, 2020

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	\$ (202,388)
Petty cash	117
PTIF investment	<u>12,478,025</u>
Total cash and investments	<u><u>\$ 12,275,754</u></u>

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

Unrestricted cash	\$ 9,699,169
Restricted cash for:	
Transportation impact fees	-
RDA fund	365,774
Cemetery	642,163
Park impact fees	537,868
Transportation tax	37,013
Class C roads	143,904
Utility impact fees	1,202,922
Cash overdraft	<u>(353,059)</u>
Total cash and investments	<u><u>\$ 12,275,754</u></u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Governmental Activities:	Due from government units	Accounts Receivable	Total
Receivables:			
Businesses - Franchise Tax	\$ -	\$ 122,368	\$ 122,368
Ambulance Billing Service Provider	-	45,512	45,512
PEHP	-	9,224	9,224
Customers	-	762,951	762,951
Utah State Tax Commission	796,893	-	796,893
Utah Department of Transportation	139,610	-	139,610
County - Current Property Taxes	25,738	-	25,738
Taxpayers - Unavailable Taxes	1,941,729	-	1,941,729
State Grants	620,308	-	620,308
Gross receivables	3,524,278	940,055	4,464,333
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 3,524,278</u>	<u>\$ 940,055</u>	<u>\$ 4,464,333</u>

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ 26,347	\$ 120,832	\$ 147,179
Capital Projects Fund	-	-	-
Roadway Project fund	-	621,764	621,764
Nonmajor Governmental Funds	-	286,775	286,775
Water Fund	137,786	41,836	179,622
Sewer Fund	193,296	1,597	194,893
Solid Waste Fund	-	106,124	106,124
Storm Water Fund	-	228,422	228,422
Sewer Special Service	4,128	-	4,128
Internal Service Fund	-	6,569	6,569
Total	<u>\$ 361,557</u>	<u>\$ 1,413,919</u>	<u>\$ 1,775,476</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Land	\$ 10,315,620	\$ -	\$ -	\$ 10,315,620
Work in process	-	1,558,509	-	1,558,509
Total nondepreciated assets	10,048,999	1,558,509	-	11,874,129
Depreciated Assets				
Internal service	4,976,716	493,740	(284,773)	5,185,683
Infrastructure	40,727,062	3,132,120	-	43,859,182
Improvements	3,844,175	227,189	-	4,071,364
Buildings	18,579,934	-	-	18,579,934
Machinery and equipment	1,398,330	135,280	(15,000)	1,518,610
Total depreciated assets	67,933,286	3,988,329	(299,773)	73,214,773
Less accumulated depreciation				
Internal service	(3,393,394)	(407,771)	284,773	(3,516,392)
Infrastructure	(14,585,412)	(880,583)	-	(15,465,995)
Improvements	(1,572,838)	(94,151)	-	(1,666,989)
Buildings	(5,099,935)	(465,038)	-	(5,564,973)
Machinery and equipment	(1,157,602)	(84,150)	15,000	(1,226,752)
Total accumulated depreciation	(24,242,685)	(1,931,693)	299,773	(27,441,101)
Net assets depreciated	43,690,601	2,056,636	-	45,773,672
Governmental activities capital assets, net	\$ 53,739,600	\$ 3,615,145	\$ -	\$ 57,647,801

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Nondepreciated Assets				
Land	\$ 649,674	\$ -	\$ -	\$ 649,674
Construction in progress	14,734	-	(14,734)	-
Water rights	1,763,100	-	-	1,763,100
	<u>3,584,014</u>	<u>-</u>	<u>(14,734)</u>	<u>2,412,774</u>
Depreciated Assets				
Solid waste	138,524	-	-	138,524
Water system	14,367,925	1,273,431	-	15,641,356
Sewer system	7,664,038	696,685	-	8,360,723
Storm water improvements	9,935,954	675,492	-	10,611,446
Total depreciated assets	<u>29,460,265</u>	<u>2,645,608</u>	<u>-</u>	<u>34,752,049</u>
Less accumulated depreciation				
Solid waste	(42,819)	(2,454)	-	(45,273)
Water system & equipment	(4,344,461)	(262,981)	-	(4,607,441)
Sewer system & equipment	(1,954,239)	(125,087)	-	(2,079,326)
Storm water improvements	(2,211,769)	(156,299)	-	(2,368,068)
Total	<u>(8,212,659)</u>	<u>(546,821)</u>	<u>-</u>	<u>(9,100,108)</u>
Net assets depreciated	<u>21,247,606</u>	<u>2,098,787</u>	<u>-</u>	<u>25,651,941</u>
Business-type activities capital assets, net	<u>\$ 24,831,620</u>	<u>\$ 2,098,787</u>	<u>\$ (14,734)</u>	<u>\$ 28,064,715</u>

DEPRECIATION EXPENSE

	Governmental Types	Business Types	Totals
General government	\$ 491,141	\$ -	\$ 491,141
Public Safety	56,451	-	56,451
Highways and improvements	922,104	-	922,104
Parks and recreation	54,226	-	54,226
Internal service*	407,771	-	407,771
Solid waste	-	2,454	2,454
Water system	-	262,981	262,981
Sewer system	-	125,087	125,087
Storm water improvements	-	156,299	156,299
TOTAL	<u>\$ 1,931,693</u>	<u>\$ 546,821</u>	<u>\$ 2,478,514</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, 2020

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 6/30/2019	Increase	Decrease	Outstanding 6/30/2020	Current Portion
GOVERNMENTAL ACTIVITIES						
Compensated Absences	N/A	\$ 288,273	\$ 58,000	\$ -	\$ 346,273	N/A
Net Pension Liability	N/A	2,332,561	-	(1,100,797)	1,231,764	N/A
TOTAL		<u>\$ 2,620,834</u>	<u>\$ 58,000</u>	<u>\$ (1,100,797)</u>	<u>\$ 1,578,037</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 6/30/2019	Increase	Decrease	Outstanding 6/30/2020	Current Portion
BUSINESS-TYPE ACTIVITIES						
Compensated Absences	N/A	\$ 61,733	\$ 20,131	\$ -	\$ 81,864	N/A
Net Pension Liability	N/A	326,881	-	(139,188)	187,693	N/A
TOTAL		<u>\$ 388,614</u>	<u>\$ 20,131</u>	<u>\$ (139,188)</u>	<u>\$ 269,557</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, 2020

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.

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, 2020

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, 2020 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	15.66%	1.03%
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	23.13%	0.70%
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	11.38%	0.70%
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, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 277,606	N/A
Contributory System	15,153	6,287
Public Safety System	214,726	-
Firefighters System	15,738	51,378
Tier 2 Public Employees System	63,575	-
Tier 2 Public Safety and Firefighter	104,303	-
Tier 2 DC Only System	8,865	N/A
Tier 2 DC Public Safety and Firefighter	7,555	N/A
Total Contributions	\$ 707,521	\$ 57,665

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, we reported a net pension asset of \$128,574 and a net pension liability of \$1,419,458.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Increase (Decrease)
Noncontributory System	\$ -	\$ 638,614	0.1694440%	0.1685376%	0.0009068%
Contributory System	-	37,949	0.5790447%	0.5342150%	0.0448297%
Public Safety System	-	702,628	0.4376058%	0.4061546%	0.0314512%
Firefighters System	128,574	-	1.0367178%	1.0319315%	0.0047863%
Tier 2 Public Employees System	-	6,418	0.0285368%	0.0289622%	(0.0004254)%
Tier 2 Public Safety and Firefighter	-	33,849	0.3598517%	0.4121786%	(0.0523269)%
	<u>\$ 128,574</u>	<u>\$ 1,419,458</u>			

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 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, 2020, we recognized pension expense of \$722,606.

At June 30, 2020 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,205	\$ 44,370
Changes in assumptions	157,216	10,891
Net difference between projected and actual earnings on pension plan investments	-	755,066
Changes in proportion and differences between contributions and proportionate share of contributions	80,701	2,732
Contributions subsequent to the measurement date	355,157	-
Total	<u>\$ 700,279</u>	<u>\$ 813,059</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$355,156 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, 2019.

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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (106,395)
2021	(149,202)
2022	36,060
2023	(273,895)
2024	4,151
Thereafter	\$ 21,343

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$324,544.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,089	\$ 9,173
Changes in assumptions	67,636	-
Net difference between projected and actual earnings on pension plan investments	-	322,953
Changes in proportion and differences between contributions and proportionate share of contributions	11,299	1,615
Contributions subsequent to the measurement date	139,624	-
Total	<u>\$ 276,648</u>	<u>\$ 333,741</u>

\$139,624 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, 2019.

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:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (19,430)
2021	(64,557)
2022	10,052
2023	(122,781)
2024	-
Thereafter	\$ -

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$2,142.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	94,730
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	7,576	-
Total	<u>\$ 7,576</u>	<u>\$ 94,730</u>

\$7,576 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, 2019.

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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (33,528)
2021	(27,596)
2022	1,735
2023	(35,341)
2024	-
Thereafter	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$341,785.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,220	\$ 15,003
Changes in assumptions	23,974	-
Net difference between projected and actual earnings on pension plan investments	-	239,925
Changes in proportion and differences between contributions and proportionate share of contributions	44,768	-
Contributions subsequent to the measurement date	109,308	-
Total	<u>\$ 190,270</u>	<u>\$ 254,928</u>

\$109,308 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, 2019.

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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (37,684)
2021	(46,171)
2022	1,053
2023	(91,164)
2024	-
Thereafter	\$ -

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of (\$82,038).

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,981	\$ 17,980
Changes in assumptions	54,825	10,401
Net difference between projected and actual earnings on pension plan investments	-	84,204
Changes in proportion and differences between contributions and proportionate share of contributions	11,451	1,118
Contributions subsequent to the measurement date	7,952	-
Total	<u>\$ 99,209</u>	<u>\$ 113,703</u>

\$7,952 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, 2019. 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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (14,585)
2021	(9,949)
2022	22,025
2023	(21,726)
2024	1,783
Thereafter	\$ 7

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$36,070. At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,795	\$ 2,203
Changes in assumptions	2,741	184
Net difference between projected and actual earnings on pension plan investments	-	4,934
Changes in proportion and differences between contributions and proportionate share of contributions	4,655	-
Contributions subsequent to the measurement date	35,429	-
Total	<u>\$ 44,620</u>	<u>\$ 7,321</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$35,429 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, 2019.

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>
2020	\$ (698)
2021	(602)
2022	241
2023	(1,340)
2024	634
Thereafter	\$ 3,636

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$100,103.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,120	\$ 11
Changes in assumptions	8,039	306
Net difference between projected and actual earnings on pension plan investments	-	8,320
Changes in proportion and differences between contributions and proportionate share of contributions	8,529	-
Contributions subsequent to the measurement date	55,267	-
Total	<u>\$ 81,955</u>	<u>\$ 8,637</u>

\$55,267 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, 2019.

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:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (470)
2021	(327)
2022	955
2023	(1,543)
2024	1,734
Thereafter	\$ 17,700

Actuarial assumptions:

The total pension liability in the December 31, 2019 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, 2019 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:

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%

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

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 remained unchanged at 6.95 percent.

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:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,994,613	\$ 638,614	\$ (492,276)
Contributory System	296,255	37,949	(179,870)
Public Safety System	1,820,078	702,628	(205,516)
Firefighters System	262,935	(128,574)	(446,169)
Tier 2 Public Employees System	55,346	6,418	(31,394)
Tier 2 Public Safety and Firefighter	119,576	33,849	(29,789)
Total	\$ 4,548,803	\$ 1,290,884	\$ (1,385,014)

Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

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:

<u>401(k) Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 208,453	\$ 196,278	\$ 193,881
Employee Contributions	95,074	85,712	85,522
<u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	14,291	9,455	8,923
<u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	34,908	28,579	24,991

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.

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, 2020, 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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 were as follows:

Transfers Out	Transfers In							Total
	General	Roadway	Park Acquisition	PARCS	Motor Pool	Capital Projects	Water	
General	\$ -	\$ 804,174	\$ 260,507	\$ -	\$ 242,790	\$ 1,423,116	\$ -	\$ 2,730,587
Capital Projects	-	200,000	-	-	-	-	-	200,000
Redevelopment	4,750	-	-	-	-	-	-	4,750
PARCS	10,060	-	-	-	-	-	-	10,060
Water	-	-	-	-	-	-	-	-
HUD Grant	-	-	-	-	-	-	-	-
Totals	<u>\$ 14,810</u>	<u>\$ 1,004,174</u>	<u>\$ 260,507</u>	<u>\$ -</u>	<u>\$ 242,790</u>	<u>\$ 1,423,116</u>	<u>\$ -</u>	<u>\$ 2,945,397</u>

NOTE 10 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$0 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 \$ 33,434

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.

NOTE 12 – COMMITMENTS

As of June 30, 2020, Clinton City had an outstanding contract with Staker Parsons in the following amount:

Project:	Purpose	Contract	Completed to Date	Remaining Commitment
800 N	Roadway project	\$ 3,739,958	\$ 1,094,422	\$ 2,645,536
		<u>\$ 3,739,958</u>	<u>\$ 1,094,422</u>	<u>\$ 2,645,536</u>

Clinton City also has a cooperative agreement with the State of Utah Department of Transportation for the reimbursement of the above construction costs totaling \$2,366,952. During the fiscal year ending June 30, 2020, Clinton received reimbursement from UDOT in the amount of \$813,355.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – SUBSEQUENT EVENT

In subsequent months, the City received two tranches from the State of Utah in the amount of \$660,674 each for a total of \$1,321,348 under the CARES Act to cover costs that are necessary expenditures incurred due to the public health emergency with respect to COVID-19.

NOTE 14 - 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 st scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8 Before Jun. 22
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	
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 15 - 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 16 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2020 all funds maintained expenditures below their appropriations with the exception of the 800 N fund which was over budget by \$800,663.

The City is also required to maintain positive fund balances in each fund and has complied with this requirement with the exception of the 800 N fund which has a negative fund balance of \$83,671.

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, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 1,894,230	\$ 1,894,230	\$ 1,943,715	\$ 49,485
Sales taxes	3,365,800	3,365,800	3,917,639	551,839
Utility franchise taxes	1,060,450	1,060,450	1,000,749	(59,701)
Fees-in-lieu of taxes	146,820	146,820	140,239	(6,581)
Licenses and permits	527,640	527,640	513,318	(14,322)
Intergovernmental revenue	1,074,520	1,141,190	1,247,957	106,767
Charges for services	1,532,988	1,532,988	1,332,332	(200,656)
Fines and forfeitures	204,800	204,800	139,113	(65,687)
Miscellaneous revenue	286,450	286,450	323,619	37,169
Special revenues	414,900	446,996	469,452	22,456
TOTAL REVENUES	10,508,598	10,607,364	11,028,133	420,769
EXPENDITURES				
General government:				
Legislative	109,653	111,668	97,183	14,485
City manager	320,750	322,475	321,073	1,402
Judicial	250,440	250,440	235,643	14,797
Professional and technical	517,860	527,840	500,299	27,541
City treasurer	517,550	517,550	493,786	23,764
Buildings	187,195	196,410	176,247	20,163
Elections	31,300	31,300	13,293	18,007
Community development	503,214	507,214	434,232	72,982
Total general government	2,437,962	2,464,897	2,271,756	193,141
Public safety:				
Law enforcement	2,426,570	2,558,465	2,551,446	7,019
Debt service	-	-	-	-
Crossing guards	58,180	58,180	41,766	16,414
Fire protection	1,276,209	1,280,210	1,263,711	16,499
Ambulance services	483,699	483,699	485,382	(1,683)
DUI - enforcement	15,218	25,218	25,209	9
Total public safety	4,259,876	4,405,772	4,367,514	38,258
Highways and streets:				
Public works	271,753	282,753	263,059	19,694
Class "C" roads	879,830	819,452	584,935	234,517
Capital outlay	17,813	33,500	47,068	(13,568)
Total highways and streets	1,169,396	1,135,705	895,062	240,643

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 646,185	\$ 664,495	\$ 663,174	\$ 1,321
Recreation	419,987	420,487	388,157	32,330
Recreation programs	365,878	365,878	226,057	139,821
Heritage days	83,750	85,250	64,494	20,756
Total parks and recreation	1,515,800	1,536,110	1,341,882	194,228
Cemeteries	82,254	152,254	138,729	13,525
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
TOTAL EXPENDITURES	9,465,288	9,694,738	9,014,943	679,795
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,043,310	912,626	2,013,190	1,100,564
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	285,000	1,776,940	-	(1,776,940)
Operating transfers in	28,710	30,210	14,810	(15,400)
Operating transfers out	(1,357,020)	(2,725,476)	(2,730,587)	(5,111)
TOTAL OTHER FINANCING SOURCES (USES)	(1,043,310)	(918,326)	(2,715,777)	(1,797,451)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(5,700)	(702,587)	(696,887)
Fund balance - July 1	2,960,860	2,960,860	2,960,860	-
Fund balance - June 30	\$ 2,960,860	\$ 2,955,160	\$ 2,258,273	\$ (696,887)

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS

JUNE 30, 2020

with a measurement date of December 31, 2019

Last 10 fiscal years*

		Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)	2020	0.1694444%	0.5790447%	0.4376058%	1.0367178%	0.02853680%	0.3589852%
	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)	2020	\$ 638,614	\$ 37,949	\$ 702,628	\$ (128,574)	\$ 6,418	\$ 33,849
	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	2020	\$ 1,468,028	\$ 103,761	\$ 685,609	\$ 331,931	\$ 396,553	\$ 593,157
	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	2020	43.50%	36.57%	102.48%	-38.74%	1.62%	5.71%
	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	2020	93.7%	98.6%	90.9%	105.0%	96.5%	89.6%
	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 schedule above discloses a 6-year history and will be built prospectively.

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020
with a measurement date of December 31, 2019
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%
	2020	277,606	277,606	-	1,515,857	18.31%
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%
	2020	15,153	15,153	-	104,790	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%
	2020	214,727	214,727	-	739,174	29.05%
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%
	2020	15,738	15,738	-	341,682	4.61%
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%
	2020	63,575	63,575	-	408,530	15.56%

See accompanying notes to required supplementary information

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS (Continued)
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020
with a measurement date of December 31, 2019
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
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%
	2020	8,865	8,865	-	132,517	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%
	2020	7,555	7,555	-	63,863	11.83%

**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.

Paragraph 8.b. of GASB 68 requires employers to disclose a 19-year history of contributions in RSI. Contributions as a percentage of covered payroll may be difference than the board certified rate due to rounding and other administrative practices.

See accompanying notes to required supplementary information

CLINTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020

Changes in Assumptions:

As a result of the passage of SB129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Capital Projects					Permanent Fund
	Park Acquisition	800 N Project	3000 West Project	Memorial Rock Project	Total	Perpetual Care
ASSETS						
Cash and cash equivalents	\$ 12,526	\$ -	\$ -	\$ -	\$ 12,526	\$ -
Restricted cash	537,868	-	-	-	537,868	642,163
Prepaid Expense	-	-	-	-	-	-
Due from other governmental units	-	543,638	-	-	543,638	-
Total assets	<u>\$ 550,394</u>	<u>\$ 543,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,032</u>	<u>\$ 642,163</u>
LIABILITIES						
Cash overdraft	\$ -	\$ 353,059	\$ -	\$ -	\$ 353,059	\$ -
Accounts payable	-	274,250	-	-	274,250	-
Accounts Payable from restricted sources	12,526	-	-	-	12,526	-
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	<u>12,526</u>	<u>627,309</u>	<u>-</u>	<u>-</u>	<u>639,835</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Park impact fees	537,868	-	-	-	537,868	-
Special revenue - RDA	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	642,163
Assigned for:						
Park acquisition	-	-	-	-	-	-
Roadway projects	-	-	-	-	-	-
Special revenue - Housing Grant	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-
Community arts	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-
Unassigned	-	(83,671)	-	-	(83,671)	-
Total fund balances	<u>537,868</u>	<u>(83,671)</u>	<u>-</u>	<u>-</u>	<u>454,197</u>	<u>642,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 550,394</u>	<u>\$ 543,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,032</u>	<u>\$ 642,163</u>

Redevelopment Agency	Special Revenue					Total	Total Nonmajor Governmental Funds
	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.		
\$ 1,581	\$ -	\$ -	\$ 13,472	\$ 15,667	\$ 517	\$ 31,237	\$ 43,763
365,774	-	-	-	-	-	365,774	1,545,805
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	543,638
<u>\$ 367,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,472</u>	<u>\$ 15,667</u>	<u>\$ 517</u>	<u>\$ 397,011</u>	<u>\$ 2,133,206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,059
-	-	-	-	-	-	-	274,250
-	-	-	-	-	-	-	12,526
1,581	-	-	-	-	-	1,581	1,581
<u>1,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,581</u>	<u>641,416</u>
-	-	-	-	-	-	-	537,868
365,774	-	-	-	-	-	365,774	365,774
-	-	-	-	-	-	-	642,163
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	13,472	15,667	-	29,139	29,139
-	-	-	-	-	517	517	517
-	-	-	-	-	-	-	(83,671)
<u>365,774</u>	<u>-</u>	<u>-</u>	<u>13,472</u>	<u>15,667</u>	<u>517</u>	<u>395,430</u>	<u>1,491,790</u>
<u>\$ 367,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,472</u>	<u>\$ 15,667</u>	<u>\$ 517</u>	<u>\$ 397,011</u>	<u>\$ 2,133,206</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects					Permanent
	Park	800 N	3000 West	Memorial	Total	Fund
	Acquisition	Project	Project	Rock		Perpetual
				Project		Care
REVENUES						
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,150
Interest income	9,627	-	-	26	9,653	11,743
Donations	-	-	-	1,656	1,656	-
Intergovernmental	-	1,426,992	-	-	1,426,992	-
Fees/Miscellaneous	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-
Total revenues	9,627	1,426,992	-	1,682	1,438,301	51,893
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Highways and public improvements	-	-	-	-	-	-
Parks and recreation	109,498	-	-	7,164	116,662	-
Cemeteries	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and public improvements	-	1,510,663	-	-	1,510,663	-
Parks and recreation	227,189	-	-	-	227,189	-
Total expenditures	336,687	1,510,663	-	7,164	1,854,514	-
Excess (deficiency) of revenues						
over (under) expenditures	(327,060)	(83,671)	-	(5,482)	(416,213)	51,893
OTHER FINANCING SOURCES (USES)						
Transfers in	260,507	-	-	-	260,507	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	260,507	-	-	-	260,507	-
Net change in fund balances	(66,553)	(83,671)	-	(5,482)	(155,706)	51,893
Fund balance - beginning of year	604,421	-	-	5,482	609,903	590,270
Fund balance - end of year	\$ 537,868	\$ (83,671)	\$ -	\$ -	\$ 454,197	\$ 642,163

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,150
7,320	-	-	-	-	-	7,320	28,716
-	-	-	1,020	10,235	-	11,255	12,911
-	-	-	-	-	-	-	1,426,992
-	-	-	-	-	35	35	35
-	-	-	-	-	-	-	-
7,320	-	-	1,020	10,235	35	18,610	1,508,804
33,434	-	-	-	-	-	33,434	33,434
-	-	-	-	-	-	-	-
-	-	-	817	-	-	817	117,479
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,510,663
-	-	-	-	-	-	-	227,189
33,434	-	-	817	-	-	34,251	1,888,765
(26,114)	-	-	203	10,235	35	(15,641)	(379,961)
-	-	-	-	-	-	-	260,507
(4,750)	-	-	-	(10,060)	-	(14,810)	(14,810)
(4,750)	-	-	-	(10,060)	-	(14,810)	245,697
(30,864)	-	-	203	175	35	(30,451)	(134,264)
396,638	-	-	13,269	15,492	482	425,881	1,626,054
\$ 365,774	\$ -	\$ -	\$ 13,472	\$ 15,667	\$ 517	\$ 395,430	\$ 1,491,790

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, 2020, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated November 6, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2020-1.

Clinton City's Response to Findings

Clinton City's response to the findings identified in our audit is described in the accompanying schedule of findings. Clinton City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
November 6, 2020



**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, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Cash Management
Restricted Taxes and Related Revenues	Fraud Risk Assessment
Open and Public Meetings Act	

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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings as item 2020-1. Our opinion on compliance is not modified with respect to these matters.

Clinton City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings. Clinton City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
November 6, 2020

CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2020

2020-01: State Compliance – Budgetary Compliance (noncompliance)

Criteria: Per Utah Code Ann. §10-5-115, cities may not make or incur expenditures in excess of total appropriations for any department in the budget as adopted or as subsequently amended.

Condition: For the year ended June 30, 2020, expenditures in the 800 N Fund were in excess of appropriations by \$800,663.

Cause: Differences in timing of actual expenditures and reimbursements from the State of Utah Department of Transportation.

Effect: When expenditures exceed budgets, noncompliance with state law can occur.

Recommendation: We recommend the City ensure expenditures do not exceed appropriations for all funds.

Management's Response: The City will take great care to not exceed budgeted expenditures. Major projects extending over more than one fiscal year are problematic in coordinating the reimbursable expenses with the expenses which must be spent before applying for reimbursement. We will endeavor to work through this dilemma of having a construction time period split between two fiscal years. State law should be changed to allow for a separate budget fiscal year for major projects.