

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2021**

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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 the Clinton City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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 the Clinton City, as of June 30, 2021, 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 and budgetary comparison information, schedule of the proportionate share of the net

pension liability, the schedule of contributions, and the notes to required supplementary information 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 the Clinton City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures and changes in fund balance – budget and actual for major and nonmajor funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of the 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 the 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 the Clinton City's internal control over financial reporting and compliance.

Child, Richards CPAs & Advisors

Ogden, Utah
December 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2021.

HIGHLIGHTS

Net position of the city increased by \$8,562,079. Of this amount, business-type activities increased by \$1,572,090 and governmental activities increased by \$6,989,989.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$104,534,856 (net position). Of this amount, \$12,164,074 (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 \$10,833,699, an increase of \$3,223,040 compared to the prior year's ending amount. Of the combined total fund balance, \$3,387,614 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, 2021, totaling \$3,387,614 is 23.59% of the General Fund total revenues for the year. The General Fund has \$363,835 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$38,790 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.

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

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

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 fifteen 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 800 N Project Fund which are considered to be major funds. Data from the other twelve 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, 2021**

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
	2021	2020	2021	2020	2021	2020
Cash	\$ 10,270,978	\$ 7,641,288	\$ 5,941,448	\$ 4,987,525	\$ 16,212,426	\$ 12,628,813
Other assets	5,861,050	4,624,153	453,289	410,428	6,314,339	5,034,581
Capital assets	60,830,235	57,647,801	28,578,281	28,064,715	89,408,516	85,712,516
Deferred outflows of resources	713,682	633,592	76,839	66,687	790,521	700,279
Total assets and deferred outflows	<u>77,675,945</u>	<u>70,546,834</u>	<u>35,049,857</u>	<u>33,529,355</u>	<u>112,725,802</u>	<u>104,076,189</u>
Noncurrent liabilities	778,169	1,578,037	153,309	269,557	931,478	1,847,594
Other liabilities	2,113,778	2,562,933	923,156	938,097	3,036,934	3,501,030
Total liabilities	<u>2,891,947</u>	<u>4,140,970</u>	<u>1,076,465</u>	<u>1,207,654</u>	<u>3,968,412</u>	<u>5,348,624</u>
Deferred inflows of resources	4,056,696	2,668,551	165,838	86,237	4,222,534	2,754,788
Total liabilities and deferred inflows	<u>6,948,643</u>	<u>6,809,521</u>	<u>1,242,303</u>	<u>1,293,891</u>	<u>8,190,946</u>	<u>8,103,412</u>
Net position:						
Net investment in capital assets	60,830,235	54,552,759	28,578,281	28,064,715	89,408,516	82,617,474
Restricted	1,798,236	1,726,722	1,164,030	1,202,922	2,962,266	2,929,644
Unrestricted	8,098,831	7,457,832	4,065,243	2,967,827	12,164,074	10,425,659
Total net position	<u>\$ 70,727,302</u> c	<u>\$ 63,737,313</u>	<u>\$ 33,807,554</u>	<u>\$ 32,235,464</u>	<u>\$ 104,534,856</u>	<u>\$ 95,972,777</u>

The largest component of the City's net position, 85.53%, 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 2.83% of the total net position and is subject to external restrictions on how they may be used. The remaining 11.64% 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, 2021**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,657,896	\$ 2,116,681	\$ 6,787,041	\$ 6,536,173	\$ 9,444,937	\$ 8,652,854
Operating grants and contributions	1,370,030	1,199,265	-	-	1,370,030	1,199,265
Capital grants and contributions	5,743,040	4,463,229	-	-	5,743,040	4,463,229
General revenues:						
Property taxes	2,021,717	1,943,715	-	-	2,021,717	1,943,715
Sales taxes	4,563,337	3,917,639	-	-	4,563,337	3,917,639
Other taxes	1,155,716	1,140,988	-	-	1,155,716	1,140,988
Impact fees	-	-	1,339,890	2,263,482	1,339,890	2,263,482
Special revenues	-	-	-	-	-	-
Interest	41,583	120,230	17,679	75,348	59,262	195,578
Other	64,646	102,491	-	-	64,646	102,491
Total revenues	17,617,965	15,004,238	8,144,610	8,875,003	25,762,575	23,879,241
Expenses:						
General government	3,150,635	2,879,308	-	-	3,150,635	2,879,308
Public safety	3,834,828	4,308,646	-	-	3,834,828	4,308,646
Highways and public improvements	2,181,471	2,252,079	-	-	2,181,471	2,252,079
Parks and recreation	1,329,095	1,442,726	-	-	1,329,095	1,442,726
Cemeteries	131,947	101,663	-	-	131,947	101,663
Interest on debt	-	-	-	-	-	-
Sewer special service	-	-	104,218	100,449	104,218	100,449
Solid waste	-	-	1,739,429	1,636,974	1,739,429	1,636,974
Storm water	-	-	642,232	1,015,813	642,232	1,015,813
Water	-	-	1,849,457	1,829,117	1,849,457	1,829,117
Sewer	-	-	2,237,184	2,356,797	2,237,184	2,356,797
Total expenses	10,627,976	10,984,422	6,572,520	6,939,150	17,200,496	17,923,572
Transfers in (out)	-	-	-	-	-	-
Change in net position	6,989,989	4,019,816	1,572,090	1,935,853	8,562,079	5,955,669
Net position-beginning	63,737,313	59,717,497	32,235,464	30,299,611	95,972,777	90,017,108
Net position-ending	\$ 70,727,302	\$ 63,737,313	\$ 33,807,554	\$ 32,235,464	\$ 104,538,856	\$ 95,972,777

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$6,989,989 for the year.

Business-Type Activities

The business-type activities increased net position by \$1,572,090. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a surplus with the exception of the Solid Waste Fund and Storm Water Fund which had operating losses of \$6,101 and \$153,141, respectively.

Capital Assets

Clinton City added \$6,619,465 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$1,268,950 and transfers from work in process totaling \$1,558,510 for the 800 N reconstruction project. The following assets were acquired or constructed: machinery and equipment \$71,096; \$44,350 in work in process; \$4,923,431 in infrastructure; \$1,572,578 in improvements; \$8,010 in land, and internal service equipment and vehicles in the amount of \$71,096. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund increased by \$1,531,966. The fund balances in the other Governmental Funds increased by \$1,691,074. 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 \$3,990,493 above the original budget and \$1,766,756 above the final adjusted budget. Actual General Fund expenditures before transfers were \$258,758 above the original budget and \$801,857 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,472,742	\$ 4,777,418	\$ 13,250,160
Restricted cash	1,798,236	1,164,030	2,962,266
Accounts receivable	217,695	749,452	967,147
Due from other governmental units	4,615,665	-	4,615,665
Prepaid expenses	89,630	219,300	308,930
Inventory	41,820	27,769	69,589
Internal balances	584,499	(584,499)	-
Net pension asset	311,741	41,267	353,008
Capital assets (net of accumulated depreciation):			
Land	10,323,630	657,894	10,981,524
Construction in progress	44,350	-	44,350
Infrastructure	32,305,726	26,157,287	58,463,013
Buildings	12,549,923	-	12,549,923
Improvements	3,796,809	-	3,796,809
Machinery and equipment	1,809,797	-	1,809,797
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	76,962,263	34,973,018	111,935,281
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	713,682	76,839	790,521
TOTAL ASSETS AND DEFERRED OUTFLOWS	77,675,945	35,049,857	112,725,802
LIABILITIES			
Cash overdraft	486,544	-	486,544
Accounts payable and accrued expenses	672,524	695,522	1,368,046
Accounts payable from restricted resources	135,081	40,319	175,400
Deposits	819,629	187,315	1,006,944
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	778,169	153,309	931,478
TOTAL LIABILITIES	2,891,947	1,076,465	3,968,412
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,701,920	-	2,701,920
Deferred inflows of resources related to pensions	1,354,776	165,838	1,520,614
TOTAL DEFERRED INFLOWS OF RESOURCES	4,056,696	165,838	4,222,534
NET POSITION			
Net investment in capital assets	60,830,235	28,578,281	89,408,516
Restricted for:			
Debt service - revenue bond	-	-	-
Redevelopment agency	327,975	-	327,975
Perpetual care	693,464	-	693,464
Transportation impact fees	-	-	-
Class C roads	222,984	-	222,984
Park impact fees	433,792	-	433,792
Transportation tax	120,021	-	120,021
Utility impact fees	-	1,164,030	1,164,030
Unrestricted	8,098,831	4,065,243	12,164,074
TOTAL NET POSITION	\$ 70,727,302	\$ 33,807,554	\$ 104,534,856

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 3,150,635	\$ 919,532	\$ 16,831	\$ -	\$ (2,214,272)	\$ -	\$ (2,214,272)
Public safety	3,834,828	712,543	5,000	58,370	(3,058,915)	-	(3,058,915)
Highways and improvements	2,181,471	764,552	1,299,899	3,297,041	3,180,021	-	3,180,021
Parks and recreation	1,329,095	206,964	-	2,387,629	1,265,498	-	1,265,498
Cemeteries	131,947	54,305	48,300	-	(29,342)	-	(29,342)
Interest on long term debt	-	-	-	-	-	-	-
Total governmental activities	10,627,976	2,657,896	1,370,030	5,743,040	(857,010)	-	(857,010)
Business-type activities:							
Water	1,849,457	2,102,605	-	588,526	-	841,674	841,674
Sewer	2,237,184	2,279,225	-	243,311	-	285,352	285,352
Solid waste	1,739,429	1,735,337	-	-	-	(4,092)	(4,092)
Storm water	642,232	491,552	-	508,053	-	357,373	357,373
Sewer special service	104,218	178,322	-	-	-	74,104	74,104
Total business-type activities	6,572,520	6,787,041	-	1,339,890	-	1,554,411	1,554,411
Total primary government	\$ 17,200,496	\$ 9,444,937	\$ 1,370,030	\$ 7,082,930	(857,010)	1,554,411	697,401
General revenues:							
Property taxes					2,021,717	-	2,021,717
Sales taxes					4,563,337	-	4,563,337
Franchise taxes					1,014,220	-	1,014,220
Fees-in-lieu of taxes					141,496	-	141,496
Miscellaneous					64,646	-	64,646
Interest earnings					41,583	17,679	59,262
Transfers in (out)					-	-	-
Total general revenues and transfers					7,846,999	17,679	7,864,678
Change in net position					6,989,989	1,572,090	8,562,079
Net position - beginning, as restated					63,737,313	32,235,464	95,972,777
Net position - ending					\$ 70,727,302	\$ 33,807,554	\$ 104,534,856

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Capital Projects Fund	800 N Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,032,232	\$ 4,081,229	\$ -	\$ 769,414	\$ 7,882,875
Restricted cash	363,835	-	-	1,434,401	1,798,236
Accounts receivable	190,544	-	-	-	190,544
Due from other governmental units	3,870,961	-	675,404	69,300	4,615,665
Interfund receivable	150,000	912,000	-	-	1,062,000
Inventory	41,820	-	-	-	41,820
Prepaid expenses	38,790	-	-	-	38,790
Total assets	<u>\$ 7,688,182</u>	<u>\$ 4,993,229</u>	<u>\$ 675,404</u>	<u>\$ 2,273,115</u>	<u>\$ 15,629,930</u>
LIABILITIES					
Cash overdraft	\$ -	\$ -	\$ 486,544	\$ -	\$ 486,544
Accounts payable	98,621	-	178,135	102,028	378,784
Accounts payable from restricted sources	5,859	-	-	129,222	135,081
Other accrued liabilities	271,914	-	-	2,359	274,273
Customer deposits	819,629	-	-	-	819,629
Total liabilities	<u>1,196,023</u>	<u>-</u>	<u>664,679</u>	<u>233,609</u>	<u>2,094,311</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property Taxes	<u>2,701,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,701,920</u>
Total deferred inflows of resources	<u>2,701,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,701,920</u>
FUND BALANCES					
Nonspendable:					
Prepays	38,790	-	-	-	38,790
Restricted for:					
Special revenue - RDA	-	-	-	327,975	327,975
Perpetual care	-	-	-	693,464	693,464
Park impact fees	20,830	-	-	412,962	433,792
Transportation impact fees	-	-	-	-	-
State liquor funds	-	-	-	-	-
Class C roads	222,984	-	-	-	222,984
Transportation tax	120,021	-	-	-	120,021
Assigned to:					
Capital projects	-	4,993,229	10,725	582,594	5,586,548
Special revenue - HUD grant	-	-	-	-	-
Special revenue - other	-	-	-	22,511	22,511
Unassigned	<u>3,387,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,387,614</u>
Total fund balances	<u>3,790,239</u>	<u>4,993,229</u>	<u>10,725</u>	<u>2,039,506</u>	<u>10,833,699</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,688,182</u>	<u>\$ 4,993,229</u>	<u>\$ 675,404</u>	<u>\$ 2,273,115</u>	<u>\$ 15,629,930</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, 2021

Total fund balances - governmental funds:		\$ 10,833,699
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	\$ 10,323,630	
Construction in progress	44,350	
Infrastructure	48,782,614	
Buildings	18,579,934	
Improvements	5,636,193	
Machinery and equipment	1,529,630	
Accumulated depreciation	<u>(25,607,782)</u>	
		59,288,569
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.	2,147,767	
Less: Internal payable representing charges in excess of cost to business type activities.		
Prior years	(466,320)	
Current year	<u>(11,181)</u>	
		1,670,266
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		302,660
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		694,655
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		(1,318,170)
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	(401,573)	
Compensated absences	<u>(342,804)</u>	
		(744,377)
Net position of governmental activities		<u><u>\$ 70,727,302</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, 2021

	General Fund	Capital Projects Fund	800 N Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property taxes	\$ 2,021,717	\$ -	\$ -	\$ -	\$ 2,021,717
Sales taxes	4,563,337	-	-	-	4,563,337
Franchise taxes	1,014,220	-	-	-	1,014,220
Fees-in-lieu of taxes	141,496	-	-	-	141,496
Licenses and permits	804,134	-	-	-	804,134
Intergovernmental	3,232,129	-	1,803,712	96,700	5,132,541
Charges for services	1,527,853	-	-	48,300	1,576,153
Fines and forfeitures	99,226	-	-	-	99,226
Miscellaneous revenue	286,582	13,391	-	12,965	312,938
Special revenues	668,079	-	-	-	668,079
Total revenues	14,358,773	13,391	1,803,712	157,965	16,333,841
EXPENDITURES					
Current					
General government	2,722,519	-	-	34,619	2,757,138
Public safety	4,049,459	-	-	-	4,049,459
Highways and public improvements	947,392	-	-	195,754	1,143,146
Parks and recreation	962,793	-	-	270,928	1,233,721
Cemeteries	135,332	-	-	-	135,332
Debt service					
Principal	-	-	-	-	-
Interest and fees	-	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Public safety	77,923	-	-	-	77,923
Highways and public improvements	14,639	-	1,709,316	384,098	2,108,053
Parks and recreation	371,495	-	-	1,234,534	1,606,029
Cemeteries	-	-	-	-	-
Total expenditures	9,281,552	-	1,709,316	2,119,933	13,110,801
Excess (deficiency) of revenues over expenditures	5,077,221	13,391	94,396	(1,961,968)	3,223,040
Other financing sources (uses)					
Transfers in	14,985	1,270,000	-	2,290,240	3,575,225
Transfers out	(3,560,240)	-	-	(14,985)	(3,575,225)
Total other financing sources and uses	(3,545,255)	1,270,000	-	2,275,255	-
Net change in fund balances	1,531,966	1,283,391	94,396	313,287	3,223,040
Fund balances - beginning of year	2,258,273	3,709,838	(83,671)	1,726,219	7,610,659
Fund balances - end of year	\$ 3,790,239	\$ 4,993,229	\$ 10,725	\$ 2,039,506	\$ 10,833,699

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, 2021**

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds	\$	3,223,040
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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	\$ 3,792,005	
Depreciation expense	<u>(1,743,150)</u>	2,048,855

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		1,268,950
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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).

		446,921
--	--	---------

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.

		22,922
--	--	--------

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.

		(7,748)
--	--	---------

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

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

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

		<u>(12,951)</u>
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Change in net position of governmental activities	\$	<u><u>6,989,989</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, 2021

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 2,306,525	\$ 857,421	\$ 478,250
Accounts receivable	330,556	205,442	158,882
Interfund receivable	-	290,000	-
Inventory	6,676	-	18,503
Prepaid expenses	219,300	-	-
Total current assets	<u>2,863,057</u>	<u>1,352,863</u>	<u>655,635</u>
Noncurrent assets:			
Restricted cash and cash equivalents	203,963	11,738	-
Net pension asset	21,793	5,598	4,993
Land	247,931	-	-
Construction in progress	-	-	-
Water stock	1,763,100	-	-
Depreciable assets	15,992,585	7,295,848	138,524
Less: accumulated depreciation	<u>(4,898,747)</u>	<u>(2,006,478)</u>	<u>(47,728)</u>
Total noncurrent assets	<u>13,330,625</u>	<u>5,306,706</u>	<u>95,789</u>
Total assets	<u>16,193,682</u>	<u>6,659,569</u>	<u>751,424</u>
Deferred outflows of resources - pension	<u>40,073</u>	<u>12,101</u>	<u>10,140</u>
Total assets and deferred outflows of resources	<u>16,233,755</u>	<u>6,671,670</u>	<u>761,564</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	199,916	340,186	112,176
Accounts payable from restricted sources	3,403	-	-
Compensated absences	36,820	5,721	6,763
Salaries & wages payable	20,150	3,731	4,198
Interfund payable	1,062,000	-	-
Deposits	187,315	-	-
Total current liabilities	<u>1,509,604</u>	<u>349,638</u>	<u>123,137</u>
Noncurrent liabilities:			
Net pension liability	<u>45,257</u>	<u>19,080</u>	<u>11,671</u>
Total noncurrent liabilities	<u>45,257</u>	<u>19,080</u>	<u>11,671</u>
Deferred inflows of resources - pension	<u>89,972</u>	<u>20,936</u>	<u>20,456</u>
Total liabilities and deferred inflows of resources	<u>1,644,833</u>	<u>389,654</u>	<u>155,264</u>
NET POSITION			
Net investment in capital assets	13,104,869	5,289,370	90,796
Restricted - impact fees	203,963	11,738	-
Unrestricted	<u>1,280,090</u>	<u>980,908</u>	<u>515,504</u>
Total net position	<u>\$ 14,588,922</u>	<u>\$ 6,282,016</u>	<u>\$ 606,300</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	
\$ 722,976	\$ 412,246	\$ 4,777,418	\$ 589,867
43,824	10,748	749,452	27,151
-	-	290,000	-
2,590	-	27,769	-
-	-	219,300	50,840
769,390	422,994	6,063,939	667,858
948,329	-	1,164,030	-
8,312	571	41,267	9,081
409,963	-	657,894	-
-	-	-	-
-	-	1,763,100	-
10,883,125	1,556,605	35,866,687	5,377,172
(2,541,031)	(215,416)	(9,709,400)	(3,835,506)
9,708,698	1,341,760	29,783,578	1,550,747
10,478,088	1,764,754	35,847,517	2,218,605
12,993	1,532	76,839	19,027
10,491,081	1,766,286	35,924,356	2,237,632
3,116	4,859	660,253	14,019
36,916	-	40,319	-
10,625	665	60,594	10,708
6,812	378	35,269	5,448
-	290,000	1,352,000	-
-	-	187,315	-
57,469	295,902	2,335,750	30,175
14,327	2,380	92,715	23,084
14,327	2,380	92,715	23,084
31,962	2,512	165,838	36,606
103,758	300,794	2,594,303	89,865
8,752,057	1,341,189	28,578,281	1,541,666
948,329	-	1,164,030	-
686,937	124,303	3,587,742	606,101
\$ 10,387,323	\$ 1,465,492	33,330,053	\$ 2,147,767
		477,501	
		\$ 33,807,554	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,952,269	\$ 2,275,446	\$ 1,735,337
Other	150,336	3,779	-
Total operating revenue	2,102,605	2,279,225	1,735,337
OPERATING EXPENSES			
Operation and maintenance	272,185	29,495	119,354
Sewage treatment	-	1,819,281	-
Source of supply	421,551	-	-
Depreciation	291,306	120,331	2,454
General expenses	324,108	113,038	203,529
Salaries	290,682	72,378	68,571
Employee benefits	123,331	37,388	33,434
Waste collection	-	-	426,277
Waste disposal	-	-	833,580
Vehicle operation	131,151	47,014	54,239
Total operating expenses	1,854,314	2,238,925	1,741,438
Operating income (loss)	248,291	40,300	(6,101)
NONOPERATING REVENUE (EXPENSES)			
Impact fees	367,784	21,131	-
Interest revenue	7,074	3,895	2,221
Gain (loss) on sale	-	-	-
Total nonoperating revenue	374,858	25,026	2,221
Income (loss) before contributions	623,149	65,326	(3,880)
Transfers in (out)	-	-	-
Capital contributions	220,742	222,180	-
Change in net position	843,891	287,506	(3,880)
Net position - beginning, as restated	13,745,031	5,994,510	610,180
Net position - ending	\$ 14,588,922	\$ 6,282,016	\$ 606,300

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 Internal Service Fund
Storm Water	Sewer Special Service	Total	
\$ 481,277	\$ 107,122	\$ 6,551,451	\$ 920,924
10,275	71,200	235,590	973
491,552	178,322	6,787,041	921,897
122,897	7,762	551,693	356,248
-	53,603	1,872,884	-
-	-	421,551	-
172,963	22,237	609,291	395,694
113,038	6,475	760,188	-
112,795	7,017	551,443	124,974
56,549	4,157	254,859	37,801
-	-	426,277	-
-	-	833,580	-
66,451	3,080	301,935	2,597
644,693	104,331	6,583,701	917,314
(153,141)	73,991	203,340	4,583
237,973	-	626,888	-
2,852	1,637	17,679	2,369
-	-	-	27,151
240,825	1,637	644,567	29,520
87,684	75,628	847,907	34,103
-	-	-	-
270,080	-	713,002	-
357,764	75,628	1,560,909	34,103
10,029,559	1,389,864		2,113,664
\$ 10,387,323	\$ 1,465,492		\$ 2,147,767
		11,181	
		\$ 1,572,090	

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,113,987	\$ 2,282,578	\$ 1,733,866
Interfund services provided	-	-	-
Payments to employees	(324,743)	(85,279)	(74,232)
Payments to suppliers	(812,097)	(1,740,872)	(1,409,387)
Payments for interfund services used	(455,259)	(160,052)	(257,768)
Net cash from operating activities	521,888	296,375	(7,521)
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	367,784	21,131	-
Purchases of capital assets	(138,705)	(259,549)	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	229,079	(238,418)	-
Cash Flows From Investing Activities			
Interest and dividends received	7,074	3,895	2,221
Net cash from investing activities	7,074	3,895	2,221
Net increase (decrease in cash and cash equivalents)	758,041	61,852	(5,300)
Cash and cash equivalents, July 1	1,752,447	807,307	483,550
Cash and cash equivalents, June 30	<u>\$ 2,510,488</u>	<u>\$ 869,159</u>	<u>\$ 478,250</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 248,291	\$ 40,300	\$ (6,101)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	291,306	120,331	2,454
(Increase) decrease in prepaid expenses	(20,674)	-	-
(Increase) decrease in accounts receivable	14,667	3,353	(1,471)
(Increase) decrease in inventory	1,946	-	(2,794)
Increase (decrease) in accounts payable	23,698	145,292	6,052
Increase (decrease) in compensated absences	(8,367)	(5,313)	43
Increase (decrease) in accrued expenses	1,071	(908)	615
Increase (decrease) in net pension liability	(26,765)	(6,680)	(6,319)
Increase (decrease) in deposits	(3,285)	-	-
Total adjustments	273,597	256,075	(1,420)
Net cash provided (used) by operating activities	<u>\$ 521,888</u>	<u>\$ 296,375</u>	<u>\$ (7,521)</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ 220,742</u>	<u>\$ 222,180</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	
\$ 490,339	\$ 176,485	\$ 6,797,255	\$ -
-	-	-	894,746
(128,263)	(8,421)	(620,938)	(143,085)
(367,836)	(64,791)	(4,394,983)	(397,116)
(179,489)	(9,555)	(1,062,123)	-
<u>(185,249)</u>	<u>93,718</u>	<u>719,211</u>	<u>354,545</u>
-	-	-	-
-	-	-	-
-	-	-	-
237,973	-	626,888	-
(1,601)	(10,000)	(409,855)	(268,070)
-	-	-	27,151
<u>236,372</u>	<u>(10,000)</u>	<u>217,033</u>	<u>(240,919)</u>
2,852	1,637	17,679	2,369
<u>2,852</u>	<u>1,637</u>	<u>17,679</u>	<u>2,369</u>
53,975	85,355	953,923	115,995
1,617,330	326,891	4,987,525	473,872
<u>\$ 1,671,305</u>	<u>\$ 412,246</u>	<u>\$ 5,941,448</u>	<u>\$ 589,867</u>
\$ (153,141)	\$ 73,991	\$ 203,340	\$ 4,583
172,963	22,237	609,291	395,694
-	-	(20,674)	(7,920)
(1,213)	(1,837)	13,499	(27,151)
1,591	-	743	-
(188,390)	731	(12,617)	7,450
(6,873)	(760)	(21,270)	(5,714)
195	(12)	961	(889)
(10,381)	(632)	(50,777)	(11,508)
-	-	(3,285)	-
<u>(32,108)</u>	<u>19,727</u>	<u>515,871</u>	<u>349,962</u>
<u>\$ (185,249)</u>	<u>\$ 93,718</u>	<u>\$ 719,211</u>	<u>\$ 354,545</u>
<u>\$ 270,080</u>	<u>\$ -</u>	<u>\$ 713,002</u>	<u>\$ -</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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.

Parks Fiber Project Fund - The Parks Fiber Project fund accounts for the construction and repairs for extending and providing fiber services to the City parks.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021

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, 2021.

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, 2021

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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Equity (Continued)

- 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, 2021

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, 2021

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, 2021

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.

L. Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued Statement 87, which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the statement of net position and making certain changes to lessor accounting. The new standard is effective for fiscal years beginning after June 15, 2021. The Government is currently evaluating the impact the new standard may have on its financial 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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021, \$178,078 of the City's bank balances of \$665,244 was uninsured and uncollateralized.

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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2021, 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	\$ 15,308,712	\$ -	\$ 15,308,712	\$ -
Total debt securities	<u>\$ 15,308,712</u>	<u>\$ -</u>	<u>\$ 15,308,712</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, 2021 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, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2021, 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	15,308,712	15,308,712	-	-	-
	15,308,712	15,308,712	-	-	-

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, 2021, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	15,308,712	-	-	-	15,308,712
	15,308,712	-	-	-	15,308,712

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, 2021

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	\$ 903,597
Petty cash	117
PTIF investment	<u>15,308,712</u>
Total cash and investments	<u><u>\$ 16,212,426</u></u>

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

Unrestricted cash	\$13,250,160
Restricted cash for:	
RDA fund	327,975
Cemetery	693,464
Park impact fees	433,792
Transportation tax	120,021
Class C roads	222,984
Utility impact fees	<u>1,164,030</u>
Total cash and investments	<u><u>\$ 16,212,426</u></u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

	Due From Government Units	Accounts Receivable	Total
Governmental Activities:			
Receivables:			
Businesses - Franchise Tax	\$ -	\$ 125,133	\$ 125,133
Ambulance Billing Service Provider	-	64,530	64,530
TNT Auction	-	5,700	5,700
Misc Reimbursements	-	22,332	22,332
Utah State Tax Commission	1,153,658	-	1,153,658
Utah Department of Transportation	69,300	-	69,300
County - Current Property Taxes	15,383	-	15,383
Taxpayers - Unavailable Taxes	2,701,920	-	2,701,920
State Grants	675,404	-	675,404
Business-type Activities:			
Customers	-	749,452	749,452
Gross receivables	4,615,665	967,147	5,582,812
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 4,615,665</u>	<u>\$ 967,147</u>	<u>\$ 5,582,812</u>

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ 17,640	\$ 86,840	\$ 104,480
Capital Projects Fund	-	-	-
800 N Project Fund	178,135	-	178,135
Nonmajor Governmental Funds	-	231,250	231,250
Water Fund	139,938	63,381	203,319
Sewer Fund	214,156	126,030	340,186
Solid Waste Fund	-	112,176	112,176
Storm Water Fund	-	40,032	40,032
Sewer Special Service	4,859	-	4,859
Internal Service Fund	-	14,019	14,019
Total	<u>\$ 554,728</u>	<u>\$ 673,728</u>	<u>\$ 1,228,456</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Land	\$ 10,315,620	\$ 8,010	\$ -	\$ 10,323,630
Work in process	1,558,509	44,350	(1,558,509)	44,350
Total nondepreciated assets	11,874,129	52,360	(1,558,509)	10,367,980
Depreciated Assets				
Internal service	5,185,683	268,070	(76,581)	5,377,172
Infrastructure	43,859,182	4,923,431	-	48,782,613
Improvements	4,071,364	1,572,578	(7,748)	5,636,194
Buildings	18,579,934	-	-	18,579,934
Machinery and equipment	1,518,610	71,096	(60,077)	1,529,629
Total depreciated assets	73,214,773	6,835,175	(144,406)	79,905,542
Less accumulated depreciation				
Internal service	(3,516,392)	(395,694)	76,581	(3,835,505)
Infrastructure	(15,465,995)	(1,010,894)	-	(16,476,889)
Improvements	(1,666,989)	(172,394)	-	(1,839,383)
Buildings	(5,564,973)	(465,038)	-	(6,030,011)
Machinery and equipment	(1,226,752)	(94,824)	60,077	(1,261,499)
Total accumulated depreciation	(27,441,101)	(2,138,844)	136,658	(29,443,287)
Net assets depreciated	45,773,672	4,696,331	(7,748)	50,462,255
Governmental activities capital assets, net	\$ 57,647,801	\$ 4,748,691	\$ (1,566,257)	\$ 60,830,235

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciated Assets				
Land	\$ 649,674	\$ 8,220	\$ -	\$ 657,894
Construction in progress	-	-	-	-
Water rights	1,763,100	-	-	1,763,100
	<u>2,412,774</u>	<u>8,220</u>	<u>-</u>	<u>2,420,994</u>
Depreciated Assets				
Solid waste	138,524	-	-	138,524
Water system	15,641,356	351,229	-	15,992,585
Sewer system	8,360,723	491,730	-	8,852,453
Storm water improvements	10,611,446	271,679	-	10,883,125
Total depreciated assets	<u>34,752,049</u>	<u>1,114,638</u>	<u>-</u>	<u>35,866,687</u>
Less accumulated depreciation				
Solid waste	(45,274)	(2,454)	-	(47,728)
Water system & equipment	(4,607,441)	(291,306)	-	(4,898,747)
Sewer system & equipment	(2,079,326)	(142,568)	-	(2,221,894)
Storm water improvements	(2,368,068)	(172,963)	-	(2,541,031)
Total	<u>(9,100,109)</u>	<u>(609,291)</u>	<u>-</u>	<u>(9,709,400)</u>
Net assets depreciated	<u>25,651,940</u>	<u>505,347</u>	<u>-</u>	<u>26,157,287</u>
Business-type activities capital assets, net	<u>\$ 28,064,714</u>	<u>\$ 513,567</u>	<u>\$ -</u>	<u>\$ 28,578,281</u>

DEPRECIATION EXPENSE

	Governmental Types	Business Types	Totals
General government	\$ 465,172	\$ -	\$ 465,172
Public Safety	60,691	-	60,691
Highways and improvements	1,068,023	-	1,068,023
Parks and recreation	149,264	-	149,264
Internal service*	395,694	-	395,694
Solid waste	-	2,454	2,454
Water system	-	291,306	291,306
Sewer system	-	142,568	142,568
Storm water improvements	-	172,963	172,963
TOTAL	<u>\$ 2,138,844</u>	<u>\$ 609,291</u>	<u>\$ 2,748,135</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, 2021

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 6/30/2020	Increase	Decrease	Outstanding 6/30/2021	Current Portion
GOVERNMENTAL ACTIVITIES						
Compensated Absences	N/A	\$ 346,273	\$ 66,008	\$ -	\$ 412,281	N/A
Net Pension Liability	N/A	1,231,764	-	(865,876)	365,888	N/A
TOTAL		<u>\$ 1,578,037</u>	<u>\$ 66,008</u>	<u>\$ (865,876)</u>	<u>\$ 778,169</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 6/30/2020	Increase	Decrease	Outstanding 6/30/2021	Current Portion
BUSINESS-TYPE ACTIVITIES						
Compensated Absences	N/A	\$ 81,864	\$ -	\$ (21,270)	\$ 60,594	N/A
Net Pension Liability	N/A	187,693	-	(94,978)	92,715	N/A
TOTAL		<u>\$ 269,557</u>	<u>\$ -</u>	<u>\$ (116,248)</u>	<u>\$ 153,309</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, 2021

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 to June 30, 2020 2.00% per year July 1, 2020 to present	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, 2021

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, 2021 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	15.80%	0.89%
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	25.83%	N/A
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	2.27	14.08%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	11.83%	14.00%
232 Firefighters	N/A	0.08%	14.00%

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, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 281,198	N/A
Contributory System	1,486	617
Public Safety System	226,482	-
Firefighters System	14,632	47,768
Tier 2 Public Employees System	64,388	-
Tier 2 Public Safety and Firefighter	137,815	15,038
Tier 2 DC Only System	10,042	N/A
Tier 2 DC Public Safety and Firefighter	11,379	N/A
Total Contributions	\$ 747,422	\$ 63,423

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, we reported a net pension asset of \$353,008 and a net pension liability of \$517,372.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Increase (Decrease)
Noncontributory System	\$ -	\$ 88,051	0.1716594%	0.1694444%	0.0022150%
Contributory System	68,094	-	0.3799442%	0.5790447%	(0.1991005%)
Public Safety System	-	398,621	0.4801264%	0.4376058%	0.0425206%
Firefighters System	284,914	-	1.0189310%	1.0367178%	(0.0177868%)
Tier 2 Public Employees System	-	3,549	0.0246722%	0.0285368%	(0.0038646%)
Tier 2 Public Safety and Firefighter	-	27,151	0.3027069%	0.3598517%	(0.0571448%)
	<u>\$ 353,008</u>	<u>\$ 517,372</u>			

The net pension asset and liability were measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$237,633.

At June 30, 2021 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	\$ 252,658	\$ 13,506
Changes in assumptions	54,994	30,978
Net difference between projected and actual earnings on pension plan investments	-	1,472,923
Changes in proportion and differences between contributions and proportionate share of contributions	104,080	3,207
Contributions subsequent to the measurement date	378,789	-
Total	<u>\$ 790,521</u>	<u>\$ 1,520,614</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$378,789 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, 2020.

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
2021	\$ (276,446)
2022	(126,440)
2023	(500,416)
2024	(233,418)
2025	7,680
Thereafter	\$ 20,158

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

For the year ended June 30, 2021, we recognized pension expense of \$94,061.

At June 30, 2021, 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	\$ 118,127	\$ -
Changes in assumptions	-	11,518
Net difference between projected and actual earnings on pension plan investments	-	642,957
Changes in proportion and differences between contributions and proportionate share of contributions	10,205	-
Contributions subsequent to the measurement date	140,963	-
Total	<u>\$ 269,294</u>	<u>\$ 654,475</u>

\$140,963 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, 2020.

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, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (136,171)
2022	(60,542)
2023	(222,836)
2024	(106,594)
2025	-
Thereafter	\$ -

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

For the year ended June 30, 2021, we recognized pension expense of (\$76,192).

At June 30, 2021, 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	-	115,519
Changes in proportion and differences between contributions		
and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 115,519</u>

\$0 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, 2020.

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
2021	\$ (36,947)
2022	(17,702)
2023	(42,030)
2024	(18,840)
2025	-
Thereafter	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, we recognized pension expense of \$174,526.

At June 30, 2021, 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	\$ 73,370	\$ 386
Changes in assumptions	-	11,337
Net difference between projected and actual earnings on pension plan investments	-	515,103
Changes in proportion and differences between contributions		
and proportionate share of contributions	71,688	-
Contributions subsequent to the measurement date	113,678	-
Total	<u>\$ 258,736</u>	<u>\$ 526,826</u>

\$113,678 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, 2020.

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
2021	\$ (66,439)
2022	(44,542)
2023	(185,405)
2024	(85,382)
2025	-
Thereafter	\$ -

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

For the year ended June 30, 2021, we recognized pension expense of (\$72,201).

At June 30, 2021, 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, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,855	\$ 11,486
Changes in assumptions	44,196	5,085
Net difference between projected and actual earnings on pension plan investments	-	171,620
Changes in proportion and differences between contributions and proportionate share of contributions	9,556	676
Contributions subsequent to the measurement date	7,260	-
Total	<u>\$ 104,867</u>	<u>\$ 188,867</u>

\$7,260 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, 2020. 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
2021	\$ (31,877)
2022	(448)
2023	(43,470)
2024	(20,391)
2025	4,927
Thereafter	\$ -

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

For the year ended June 30, 2021, we recognized pension expense of \$34,680. At June 30, 2021, 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	\$ 3,267	\$ 1,625
Changes in assumptions	4,488	129
Net difference between projected and actual earnings on pension plan investments	-	10,372
Changes in proportion and differences between contributions and proportionate share of contributions	4,674	-
Contributions subsequent to the measurement date	38,675	-
Total	<u>\$ 51,105</u>	<u>\$ 12,126</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$38,675 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, 2020.

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>
2021	\$ (1,832)
2022	(1,104)
2023	(2,471)
2024	(764)
2025	1,148
Thereafter	\$ 5,324

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

For the year ended June 30, 2021, we recognized pension expense of \$82,759.

At June 30, 2021, 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	\$ 14,039	\$ 9
Changes in assumptions	6,310	2,909
Net difference between projected and actual earnings on pension plan investments	-	17,352
Changes in proportion and differences between contributions and proportionate share of contributions	7,957	2,531
Contributions subsequent to the measurement date	78,213	-
Total	<u>\$ 106,519</u>	<u>\$ 22,801</u>

\$78,213 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, 2020.

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, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (3,180)
2022	(2,102)
2023	(4,204)
2024	(1,447)
2025	1,604
Thereafter	\$ 14,834

Actuarial assumptions:

The total pension liability in the December 31, 2020 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 adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB 2010 Employee Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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. 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	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 1,526,551	\$ 88,051	\$ (1,111,154)
Contributory System	101,278	(68,094)	(211,101)
Public Safety System	1,682,917	398,621	(644,225)
Firefighters System	129,439	(284,914)	(620,038)
Tier 2 Public Employees System	59,711	3,549	(39,415)
Tier 2 Public Safety and Firefighter	128,009	27,151	(53,289)
Total	\$ 3,627,905	\$ 164,364	\$ (2,679,222)

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, 2021

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>2021</u>	<u>2020</u>	<u>2019</u>
Employer Contributions	\$ 203,828	\$ 208,453	\$ 196,278
Employee Contributions	112,206	95,074	85,712
<u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	14,596	14,291	9,455
<u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	41,220	34,908	28,579

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, 2021, 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, 2021

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, 2021 were as follows:

Transfers Out	Transfers In						Total
	General	Roadway	Park Acquisition	Capital Projects	Park Fiber	Water	
General	\$ -	\$ 1,002,507	\$ 456,400	\$ 1,270,000	\$ 831,333	\$ -	\$3,560,240
Capital Projects	-	-	-	-	-	-	-
Redevelopment	4,750	-	-	-	-	-	4,750
PARCS	10,235	-	-	-	-	-	10,235
Water	-	-	-	-	-	-	-
HUD Grant	-	-	-	-	-	-	-
Totals	<u>\$ 14,985</u>	<u>\$ 1,002,507</u>	<u>\$ 456,400</u>	<u>\$ 1,270,000</u>	<u>\$ 831,333</u>	<u>\$ -</u>	<u>\$3,575,225</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 \$ 34,619

NOTE 11 - CONTINGENT LIABILITIES

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - PROPERTY TAX CALENDAR

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

NOTE 13 - COMPONENT UNIT

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

NOTE 13 – RESTATEMENT OF BEGINNING BALANCES

The beginning fund balance has been restated on the financial statements in the sewer fund and the sewer special service fund to record a prior period adjustment to record an interfund loan that occurred in prior years. A reconciliation of the prior period ending fund balance to the current year beginning fund balance is as follows:

	Sewer Fund	Sewer Special Service Fund
Beginning fund balance	\$ 5,694,510	\$ 1,689,864
Adjustment to record interfund loan	300,000	(300,000)
Beginning fund balance, as restated	<u>\$ 5,994,510</u>	<u>\$ 1,389,864</u>

The above adjustment had no impact on the current year change in fund balance and increased/decreased the prior year change in fund balance by \$300,000 in each fund.

NOTE 15 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2021 all funds maintained expenditures below their appropriations. The City is also required to maintain positive fund balances in each fund and has complied with this requirement.

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable
REVENUES				(Unfavorable)
Taxes:				
Property taxes	\$ 1,954,089	\$ 1,954,089	\$ 2,021,717	\$ 67,628
Sales taxes	3,162,199	3,162,199	4,563,337	1,401,138
Utility franchise taxes	1,003,625	1,003,625	1,014,220	10,595
Fees-in-lieu of taxes	147,540	147,540	141,496	(6,044)
Licenses and permits	527,910	527,910	804,134	276,224
Intergovernmental revenue	1,112,610	3,116,347	3,232,129	115,782
Charges for services	1,598,339	1,598,339	1,527,853	(70,486)
Fines and forfeitures	205,900	205,900	99,226	(106,674)
Miscellaneous revenue	315,778	315,778	286,582	(29,196)
Special revenues	340,290	560,290	668,079	107,789
TOTAL REVENUES	10,368,280	12,592,017	14,358,773	1,766,756
EXPENDITURES				
General government:				
Legislative	108,377	108,377	99,747	8,630
City manager	331,950	331,950	326,847	5,103
Judicial	260,300	260,300	235,385	24,915
Professional and technical	533,921	593,921	501,251	92,670
City treasurer	533,260	533,260	511,399	21,861
Buildings	180,745	180,745	169,503	11,242
CARES act	-	439,722	464,689	(24,967)
Community development	480,934	480,934	413,698	67,236
Total general government	2,429,487	2,929,209	2,722,519	206,690
Public safety:				
Law enforcement	2,564,064	2,564,064	2,499,893	64,171
Debt service	-	-	-	-
Crossing guards	63,970	63,970	50,531	13,439
Fire protection	1,315,171	1,316,971	1,155,737	161,234
Ambulance services	459,679	459,679	409,719	49,960
DUI - enforcement	14,560	14,560	11,502	3,058
Total public safety	4,417,444	4,419,244	4,127,382	291,862
Highways and streets:				
Public works	322,442	322,442	282,191	40,251
Class "C" roads	812,444	812,444	679,840	132,604
Capital outlay	-	-	-	-
Total highways and streets	1,134,886	1,134,886	962,031	172,855

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 685,364	\$ 685,364	\$ 660,856	\$ 24,508
Recreation	770,058	433,165	392,481	40,684
Recreation programs	336,893	336,893	273,051	63,842
Heritage days	-	7,906	7,900	6
Total parks and recreation	1,792,315	1,463,328	1,334,288	129,040
Cemeteries	103,071	136,742	135,332	1,410
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
TOTAL EXPENDITURES	9,877,203	10,083,409	9,281,552	801,857
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	491,077	2,508,608	5,077,221	2,568,613
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	119,020	-	-	-
Operating transfers in	-	-	14,985	14,985
Operating transfers out	(946,990)	(3,560,240)	(3,560,240)	-
TOTAL OTHER FINANCING SOURCES (USES)	(827,970)	(3,560,240)	(3,545,255)	14,985
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(336,893)	(1,051,632)	1,531,966	2,583,598
Fund balance - July 1	2,258,273	2,258,273	2,258,273	-
Fund balance - June 30	\$ 1,921,380	\$ 1,206,641	\$ 3,790,239	\$ 2,583,598

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
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)	2021	0.1716594%	0.3799442%	0.4801264%	1.0189310%	0.02467220%	0.3027069%
	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)	2021	\$ 88,051	\$ (68,094)	\$ 398,621	\$ (284,914)	\$ 3,549	\$ 27,151
	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	2021	\$ 1,538,793	\$ 62,673	\$ 762,501	\$ 332,421	\$ 394,559	\$ 600,177
	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	2021	5.72%	-108.65%	52.28%	-85.71%	0.90%	4.52%
	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	2021	99.2%	103.9%	95.5%	110.5%	98.3%	93.1%
	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, 2021
with a measurement date of December 31, 2020
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%
	2021	281,198	281,198	-	1,536,766	18.30%
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%
	2021	1,486	1,486	-	10,278	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%
	2021	226,482	226,482	-	742,407	30.51%
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%
	2021	14,632	14,632	-	317,399	4.61%

See accompanying notes to required supplementary information

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS (Continued)
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
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 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%
	2021	64,388	64,388	-	408,173	15.56%
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%
	2021	10,042	10,042	-	150,112	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%
	2021	11,379	11,379	-	93,496	12.17%

**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, 2021

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Projects						Permanent Fund
	Park Acquisition	Roadway Project	3000 West Project	Memorial Rock Project	Parks Fiber	Total	Perpetual Care
ASSETS							
Cash and cash equivalents	\$ 129,222	\$ 615,322	\$ -	\$ -	\$ -	\$ 744,544	\$ -
Restricted cash	412,962	-	-	-	-	412,962	693,464
Prepaid expense	-	-	-	-	-	-	-
Due from other governmental units	-	69,300	-	-	-	69,300	-
Total assets	<u>\$ 542,184</u>	<u>\$ 684,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,806</u>	<u>\$ 693,464</u>
LIABILITIES							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	102,028	-	-	-	102,028	-
Accounts payable from restricted sources	129,222	-	-	-	-	129,222	-
Other accrued liabilities	-	-	-	-	-	-	-
Total liabilities	<u>129,222</u>	<u>102,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,250</u>	<u>-</u>
FUND BALANCES							
Restricted for:							
Park impact fees	412,962	-	-	-	-	412,962	-
Special revenue - RDA	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	693,464
Assigned for:							
Park acquisition	-	-	-	-	-	-	-
Roadway projects	-	582,594	-	-	-	582,594	-
Special revenue - housing grant	-	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-	-
Community arts	-	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>412,962</u>	<u>582,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,556</u>	<u>693,464</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 542,184</u>	<u>\$ 684,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,806</u>	<u>\$ 693,464</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ 2,359	\$ -	\$ -	\$ 13,312	\$ 8,682	\$ 517	\$ 24,870	\$ 769,414
327,975	-	-	-	-	-	327,975	1,434,401
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	69,300
<u>\$ 330,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,312</u>	<u>\$ 8,682</u>	<u>\$ 517</u>	<u>\$ 352,845</u>	<u>\$ 2,273,115</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	102,028
-	-	-	-	-	-	-	129,222
2,359	-	-	-	-	-	2,359	2,359
<u>2,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,359</u>	<u>233,609</u>
-	-	-	-	-	-	-	412,962
327,975	-	-	-	-	-	327,975	327,975
-	-	-	-	-	-	-	693,464
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	582,594
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	13,312	8,682	-	21,994	21,994
-	-	-	-	-	517	517	517
-	-	-	-	-	-	-	-
<u>327,975</u>	<u>-</u>	<u>-</u>	<u>13,312</u>	<u>8,682</u>	<u>517</u>	<u>350,486</u>	<u>2,039,506</u>
<u>\$ 330,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,312</u>	<u>\$ 8,682</u>	<u>\$ 517</u>	<u>\$ 352,845</u>	<u>\$ 2,273,115</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Projects						Permanent Fund
	Park Acquisition	Roadway Project	3000 West Project	Memorial Rock Project	Parks Fiber	Total	Fund Perpetual Care
REVENUES							
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,300
Interest income	2,938	2,206	-	-	-	5,144	3,001
Donations	-	-	-	-	-	-	-
Intergovernmental	-	96,700	-	-	-	96,700	-
Fees/miscellaneous	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-
Total revenues	<u>2,938</u>	<u>98,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,844</u>	<u>51,301</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Highways and public improvements	-	195,754	-	-	-	195,754	-
Parks and recreation	270,768	-	-	-	-	270,768	-
Cemeteries	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and public improvements	-	384,098	-	-	-	384,098	-
Parks and recreation	313,476	89,725	-	-	831,333	1,234,534	-
Total expenditures	<u>584,244</u>	<u>669,577</u>	<u>-</u>	<u>-</u>	<u>831,333</u>	<u>2,085,154</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(581,306)</u>	<u>(570,671)</u>	<u>-</u>	<u>-</u>	<u>(831,333)</u>	<u>(1,983,310)</u>	<u>51,301</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	456,400	1,002,507	-	-	831,333	2,290,240	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>456,400</u>	<u>1,002,507</u>	<u>-</u>	<u>-</u>	<u>831,333</u>	<u>2,290,240</u>	<u>-</u>
Net change in fund balances	(124,906)	431,836	-	-	-	306,930	51,301
Fund balance - beginning of year	<u>537,868</u>	<u>150,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,626</u>	<u>642,163</u>
Fund balance - end of year	<u>\$ 412,962</u>	<u>\$ 582,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995,556</u>	<u>\$ 693,464</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,300
1,570	-	-	-	-	-	1,570	9,715
-	-	-	-	3,250	-	3,250	3,250
-	-	-	-	-	-	-	96,700
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,570	-	-	-	3,250	-	4,820	157,965
34,619	-	-	-	-	-	34,619	34,619
-	-	-	-	-	-	-	195,754
-	-	-	160	-	-	160	270,928
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	384,098
-	-	-	-	-	-	-	1,234,534
34,619	-	-	160	-	-	34,779	2,119,933
(33,049)	-	-	(160)	3,250	-	(29,959)	(1,961,968)
-	-	-	-	-	-	-	2,290,240
(4,750)	-	-	-	(10,235)	-	(14,985)	(14,985)
(4,750)	-	-	-	(10,235)	-	(14,985)	2,275,255
(37,799)	-	-	(160)	(6,985)	-	(44,944)	313,287
365,774	-	-	13,472	15,667	517	395,430	1,726,219
\$ 327,975	\$ -	\$ -	\$ 13,312	\$ 8,682	\$ 517	\$ 350,486	\$ 2,039,506

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
The 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 and each major fund of the Clinton City, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Clinton City's basic financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Child, Richards CPAs & Advisors

Ogden, Utah
December 28, 2021



**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, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Government Fees
Restricted Taxes and Related Revenues	Fraud Risk Assessment

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, 2021.

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 a separate communication with governance letter dated December 28, 2021 as item 2021-3. 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
December 28, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council of
Clinton City

Report on Compliance for Each Major Federal Program

We have audited the Clinton City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clinton City's major federal programs for the year ended June 30, 2021. Clinton City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Clinton City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 major federal program. However, our audit does not provide a legal determination of the Clinton City's compliance.

Opinion on Each Major Federal Program

In our opinion, the Clinton City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-SA-01. Our opinion on each major federal program is not modified with respect to these matters.

The Clinton City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 the Clinton City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clinton City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-SA-01, that we consider to be a significant deficiency.

The Clinton City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

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

Child, Richards CPAs & Advisors

Ogden, Utah

December 28, 2021

CLINTON CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Grantor Pass Through/Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Award Expended
Major Programs:			
Department of the Treasury Coronavirus Relief Fund	21.019	NA	\$ 1,909,348
			<hr/>
	Total Major Programs		\$ 1,909,348
			<hr/>
	Total Federal Awards Expended		\$ 1,909,348
			<hr/> <hr/>

See Accompanying Notes

CLINTON CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule of the Clinton City's general purpose financial statements and is presented for purposes of additional analysis. Because the schedule presents only a select portion of the activities of Clinton City, it is not intended to and does not present the financial position, changes in net position or the revenues or expenditures of Clinton city. The schedule is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation – The information is presented in accordance with the Uniform Guidance and in accordance with accrual basis of accounting.

Federal Awards – Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal awards, including federal surplus property, is included in federal awards and, therefore, is reported on the Schedule. Federal awards do not include direct federal cash assistance to individuals.

Type A and Type B Programs – The Uniform Guidance establishes the levels of expenditures or expenses to be used in defining Type A and Type B federal awards programs. Type A program threshold during the year was \$750,000.

B. Reporting Entity – The reporting entity is fully described in the footnotes of Clinton City's financial statements. The schedule includes all federal award programs administered by the Clinton City for the year ended June 30, 2021.

C. Basis of Accounting – The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. The information in the Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

D. CFDA Numbers – Uniform Guidance requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

E. Major Programs – The Uniform Guidance establishes a risk-based approach to be used in defining major federal financial programs. Major programs are identified in the schedule of findings and questioned costs.

F. Indirect Costs – The city does not use an indirect cost allocation.

G. Loan Programs – The balance of federal loan programs as of June 30, 2021 was \$0.

CLINTON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes X no

Noncompliance material of financial
statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified
not considered to be material weaknesses? X yes _____ no

Type of auditors’ report issued on compliance
for major programs: Unmodified
Any audit findings disclosed that are required
to be reported in accordance with
section Title 2 U.S. Code of Federal Regulations
Part 200, Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for
Federal Awards. _____ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

**CLINTON CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Findings related to the financial statements required to be reported in accordance with Government Auditing Standards.

None

Section III – Federal Award Findings and Questioned Costs

2021-SA-01: Controls over subrecipient monitoring for federal awards (significant deficiency)

Criteria: The Compliance Supplement released by the Department of Treasury for the Coronavirus Relief Fund requires that controls be in place to ensure that subrecipient monitoring is in effect for all subrecipients of the award. This includes monitoring subrecipient activities to provide a reasonable assurance that the subrecipient administered the subaward in compliance with the terms and conditions of the subaward.

Condition: Clinton City granted one subaward to Davis Education Foundation; however, the city did not implement controls to monitor activities of the subrecipient.

Cause: The city was not aware of the subrecipient monitoring requirement.

Effect: Lack of controls over subrecipient monitoring and failure to performing monitoring activities could result in noncompliance and use of subawards for unauthorized purposes. We have questioned the amount of the subaward where monitoring should have taken place totaling \$35,000.

Recommendation: We recommend that the city implement controls and procedures to monitor all subrecipient awards and expenditures.

Management's Response: In future awards to any subrecipients, the City will ensure the MOU or Agreement provides for regular feedback reports from the subrecipient as well as a final report outlining the compliance of terms and conditions of the subaward.

Section IV – Prior Year Findings and Questioned Costs – Financial Statements in Accordance with Government Auditing Standards

None

Section IV – Prior Year Findings and Questioned Costs – Major Award Programs

None