

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Clinton City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements as listed in the table of contents.

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, major funds, and the aggregate remaining fund information of Clinton City, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clinton City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clinton City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clinton City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clinton City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 50-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2023 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 Clinton City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clinton City's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
March 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2022.

HIGHLIGHTS

Net position of the city increased by \$7,776,315. Of this amount, business-type activities increased by \$1,781,707 and governmental activities increased by \$5,994,608.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$112,848,351 (net position). Of this amount, \$14,620,962 (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 \$13,080,084, an increase of \$2,246,385 compared to the prior year's ending amount. Of the combined total fund balance, \$3,686,961 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, 2022, totaling \$3,686,961 is 26.93% of the General Fund total revenues for the year. The General Fund has \$471,251 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$782 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, 2022**

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 twelve 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 Improvements Fund, and Roadway Project Fund which are considered to be major funds. Data from the other nine 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 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, 2022

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
	2022	2021	2022	2021	2022	2021
Cash	\$ 13,296,864	\$ 10,270,978	\$ 6,011,973	\$ 5,941,448	\$ 19,308,837	\$ 16,212,426
Other assets	7,051,978	5,861,050	784,245	453,289	7,836,223	6,314,339
Capital assets	64,568,348	60,830,235	30,270,080	28,578,281	94,838,428	89,408,516
Deferred outflows of resources	850,216	713,682	93,416	76,839	943,632	790,521
Total assets and deferred outflows	<u>85,767,406</u>	<u>77,675,945</u>	<u>37,159,714</u>	<u>35,049,857</u>	<u>122,927,120</u>	<u>112,725,802</u>
Noncurrent liabilities	424,515	778,169	69,672	153,309	494,187	931,478
Other liabilities	<u>1,314,179</u>	<u>2,113,778</u>	<u>1,191,272</u>	<u>923,156</u>	<u>2,505,451</u>	<u>3,036,934</u>
Total liabilities	<u>1,738,694</u>	<u>2,891,947</u>	<u>1,260,944</u>	<u>1,076,465</u>	<u>2,999,638</u>	<u>3,968,412</u>
Deferred inflows of resources	<u>6,769,622</u>	<u>4,056,696</u>	<u>309,509</u>	<u>165,838</u>	<u>7,079,131</u>	<u>4,222,534</u>
Total liabilities and deferred inflows	<u>8,508,316</u>	<u>6,948,643</u>	<u>1,570,453</u>	<u>1,242,303</u>	<u>10,078,769</u>	<u>8,190,946</u>
Net position:						
Net investment in capital assets	64,568,348	60,830,235	30,270,080	28,578,281	94,838,428	89,408,516
Restricted	2,002,606	1,798,236	1,386,355	1,164,030	3,388,961	2,962,266
Unrestricted	<u>10,688,136</u>	<u>8,098,831</u>	<u>3,932,826</u>	<u>4,065,243</u>	<u>14,620,962</u>	<u>12,164,074</u>
Total net position	<u>\$ 77,259,090</u>	<u>\$ 70,727,302</u>	<u>\$ 35,589,261</u>	<u>\$ 33,807,554</u>	<u>\$ 112,848,351</u>	<u>\$ 104,534,856</u>

The largest component of the City's net position, 84.04%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 3.00% of the total net position and is subject to external restrictions on how they may be used. The remaining 12.96% 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, 2022

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,640,157	\$ 2,657,896	\$ 6,866,410	\$ 6,787,041	\$ 9,506,567	\$ 9,444,937
Operating grants and contributions	1,468,071	1,370,030	-	-	1,468,071	1,370,030
Capital grants and contributions	5,136,170	5,743,040	-	-	5,136,170	5,743,040
General revenues:						
Property taxes	2,842,108	2,021,717	-	-	2,842,108	2,021,717
Sales taxes	5,125,578	4,563,337	-	-	5,125,578	4,563,337
Other taxes	1,238,540	1,155,716	-	-	1,238,540	1,155,716
Impact fees	-	-	1,718,234	1,339,890	1,718,234	1,339,890
Lease and other financing	3,738	-	-	-	3,738	-
Interest	69,130	41,583	19,650	17,679	88,780	59,262
Other	35,034	64,646	-	-	35,034	64,646
Total revenues	18,558,526	17,617,965	8,604,294	8,144,610	27,162,820	25,762,575
Expenses:						
General government	3,009,070	3,150,635	-	-	3,009,070	3,150,635
Public safety	4,926,654	3,834,828	-	-	4,926,654	3,834,828
Highways and public improvements	2,894,872	2,181,471	-	-	2,894,872	2,181,471
Parks and recreation	1,583,262	1,329,095	-	-	1,583,262	1,329,095
Cemeteries	85,115	131,947	-	-	85,115	131,947
Interest on debt	-	-	-	-	-	-
Sewer special service	-	-	113,199	104,218	113,199	104,218
Solid waste	-	-	1,821,379	1,739,429	1,821,379	1,739,429
Storm water	-	-	569,325	642,232	569,325	642,232
Water	-	-	1,926,889	1,849,457	1,926,889	1,849,457
Sewer	-	-	2,456,740	2,237,184	2,456,740	2,237,184
Total expenses	12,498,973	10,627,976	6,887,532	6,572,520	19,386,505	17,200,496
Transfers in (out)	(64,945)	-	64,945	-	-	-
Change in net position	5,994,608	6,989,989	1,781,707	1,572,090	7,776,315	8,562,079
Net position-beginning, as restated	71,264,482	63,737,313	33,807,554	32,235,464	105,072,036	95,972,777
Net position-ending	\$ 77,259,090	\$ 70,727,302	\$ 35,589,261	\$ 33,807,554	\$ 112,848,351	\$ 104,534,856

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$5,944,608 for the year.

Business-Type Activities

The business-type activities increased net position by \$1,781,707. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a surplus with the exception of the Sewer Fund, Solid Waste Fund, and Storm Water Fund which had operating losses of \$166,262, \$23,025 and \$78,873, respectively.

Capital Assets

Clinton City added \$6,025,336 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$2,860,990. The following assets were acquired or constructed: machinery and equipment \$14,933; \$578,352 in work in process; \$4,394,635 in infrastructure; \$367,176 in improvements; \$30,294 in leased equipment, \$17,167 in buildings and internal service equipment and vehicles in the amount of \$622,779. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund increased by \$365,049. The fund balances in the other Governmental Funds increased by \$1,344,156. The Net Position in the Enterprise Funds increased by \$1,755,462.

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.

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 \$819,109 above the original budget and \$115,377 below the final adjusted budget. Actual General Fund expenditures before transfers were \$1,421,635 below the original budget and \$2,145,130 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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,294,258	\$ 4,625,618	\$ 15,919,876
Restricted cash	2,002,606	1,386,355	3,388,961
Accounts receivable	179,059	756,434	935,493
Due from other governmental units	4,004,194	-	4,004,194
Grant receivable	355,134	-	355,134
Lease receivable	130,754	-	130,754
Prepaid expenses	13,574	288,655	302,229
Inventory	67,868	82,338	150,206
Internal balances	558,254	(558,254)	-
Net pension asset	1,743,141	215,072	1,958,213
Capital assets (net of accumulated depreciation & amortization):			
Land	10,323,630	657,894	10,981,524
Construction in progress	622,702	158,282	780,984
Infrastructure	35,611,711	27,690,804	63,302,515
Buildings	12,101,650	-	12,101,650
Improvements	3,935,313	-	3,935,313
Leased equipment	26,928	-	26,928
Machinery and equipment	1,946,414	-	1,946,414
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	84,917,190	37,066,298	121,983,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	850,216	93,416	943,632
TOTAL ASSETS AND DEFERRED OUTFLOWS	85,767,406	37,159,714	122,927,120
LIABILITIES			
Cash overdraft	-	-	-
Accounts payable and accrued expenses	406,478	600,067	1,006,545
Accounts payable from restricted resources	117,200	406,020	523,220
Deposits	790,501	185,185	975,686
Non-current liabilities:			
Due within one year	59	-	59
Due in more than one year	424,456	69,672	494,128
TOTAL LIABILITIES	1,738,694	1,260,944	2,999,638
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,776,902	-	2,776,902
Unavailable revenue - ARPA	1,331,385	-	1,331,385
Deferred inflows of resources related to leases	123,343	-	123,343
Deferred inflows of resources related to pensions	2,537,992	309,509	2,847,501
TOTAL DEFERRED INFLOWS OF RESOURCES	6,769,622	309,509	7,079,131
NET POSITION			
Net investment in capital assets	64,568,348	30,270,080	94,838,428
Restricted for:			
Debt service - revenue bond	-	-	-
Redevelopment agency	279,961	-	279,961
Perpetual care	748,005	-	748,005
Transportation impact fees	92,590	-	92,590
Class C roads	198,168	-	198,168
Park impact fees	503,389	-	503,389
Transportation tax	180,493	-	180,493
Utility impact fees	-	1,386,355	1,386,355
Unrestricted	10,688,136	3,932,826	14,620,962
TOTAL NET POSITION	\$ 77,259,090	\$ 35,589,261	\$ 112,848,351

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total				
						Governmental Activities	Business-type Activities					
PRIMARY GOVERNMENT:												
Governmental activities:												
General government	\$ 3,009,070	\$ 947,792	\$ 15,159	\$ -	\$ (2,046,119)	\$ -	\$ -	\$ (2,046,119)				
Public safety	4,926,654	715,815	5,909	69,889	(4,135,041)	-	-	(4,135,041)				
Highways and improvements	2,894,872	641,459	1,395,603	4,676,214	3,818,404	-	-	3,818,404				
Parks and recreation	1,583,262	274,621	-	390,067	(918,574)	-	-	(918,574)				
Cemeteries	85,115	60,470	51,400	-	26,755	-	-	26,755				
Interest on long term debt	-	-	-	-	-	-	-	-				
Total governmental activities	<u>12,498,973</u>	<u>2,640,157</u>	<u>1,468,071</u>	<u>5,136,170</u>	<u>(3,254,575)</u>	<u>-</u>	<u>-</u>	<u>(3,254,575)</u>				
Business-type activities:												
Water	1,926,889	2,114,815	-	766,789	-	954,715	954,715					
Sewer	2,456,740	2,294,773	-	409,490	-	247,523	247,523					
Solid waste	1,821,379	1,802,861	-	-	-	(18,518)	(18,518)					
Storm water	569,325	496,358	-	541,955	-	468,988	468,988					
Sewer special service	113,199	157,603	-	-	-	44,404	44,404					
Total business-type activities	<u>6,887,532</u>	<u>6,866,410</u>	<u>-</u>	<u>1,718,234</u>	<u>-</u>	<u>1,697,112</u>	<u>1,697,112</u>					
Total primary government	<u><u>\$ 19,386,505</u></u>	<u><u>\$ 9,506,567</u></u>	<u><u>\$ 1,468,071</u></u>	<u><u>\$ 6,854,404</u></u>	<u><u>(3,254,575)</u></u>	<u><u>1,697,112</u></u>	<u><u>(1,557,463)</u></u>					
General revenues:												
Property taxes				2,842,108	-	2,842,108						
Sales taxes				5,125,578	-	5,125,578						
Franchise taxes				1,068,294	-	1,068,294						
Fees-in-lieu of taxes				170,246	-	170,246						
Miscellaneous				35,034	-	35,034						
Lease and other financing				3,738	-	3,738						
Interest earnings				69,130	19,650	88,780						
Transfers in (out)				(64,945)	64,945	-						
Total general revenues and transfers				<u>9,249,183</u>	<u>84,595</u>	<u>9,333,778</u>						
Change in net position				<u>5,994,608</u>	<u>1,781,707</u>	<u>7,776,315</u>						
Net position - beginning, as restated				<u>71,264,482</u>	<u>33,807,554</u>	<u>105,072,036</u>						
Net position - ending				<u><u>\$ 77,259,090</u></u>	<u><u>\$ 35,589,261</u></u>	<u><u>\$ 112,848,351</u></u>						

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Capital Improvements Fund	Roadway Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,217,072	\$ 5,926,316	\$ 451,461	\$ 1,225,300	\$ 10,820,149
Restricted cash	471,251	-	-	1,531,355	2,002,606
Accounts receivable	179,059	-	-	-	179,059
Due from other governmental units	4,004,194	-	-	-	4,004,194
Interfund receivable	150,000	912,000	-	-	1,062,000
Grants receivable	-	-	355,134	-	355,134
Lease receivable	130,754	-	-	-	130,754
Inventory	67,868	-	-	-	67,868
Prepaid expenses	782	-	-	-	782
Total assets	\$ 8,220,980	\$ 6,838,316	\$ 806,595	\$ 2,756,655	\$ 18,622,546
LIABILITIES					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	109,876	-	77,308	63,844	251,028
Accounts payable from restricted sources	109,261	-	-	7,939	117,200
Other accrued liabilities	152,103	-	-	-	152,103
Customer deposits	790,501	-	-	-	790,501
Total liabilities	1,161,741	-	77,308	71,783	1,310,832
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,776,902	-	-	-	2,776,902
Unavailable revenue - ARPA	-	1,331,385	-	-	1,331,385
Deferred inflows related to leases	123,343	-	-	-	123,343
Total deferred inflows of resources	2,900,245	1,331,385	-	-	4,231,630
FUND BALANCES					
Nonspendable:					
Prepays	782	-	-	-	782
Restricted for:					
Special revenue - RDA	-	-	-	279,961	279,961
Perpetual care	-	-	-	748,005	748,005
Park impact fees	-	-	-	503,389	503,389
Transportation impact fees	92,590	-	-	-	92,590
State liquor funds	-	-	-	-	-
Class C roads	198,168	-	-	-	198,168
Transportation tax	180,493	-	-	-	180,493
Assigned to:					
Capital projects	-	5,506,931	729,287	1,123,807	7,360,025
Special revenue - other	-	-	-	29,710	29,710
Unassigned	3,686,961	-	-	-	3,686,961
Total fund balances	4,158,994	5,506,931	729,287	2,684,872	13,080,084
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,220,980	\$ 6,838,316	\$ 806,595	\$ 2,756,655	\$ 18,622,546

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, 2022

Total fund balances - governmental funds: \$ 13,080,084

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	622,702
Infrastructure	53,177,249
Buildings	18,597,101
Improvements	6,003,369
Machinery and equipment	1,544,562
Accumulated depreciation	<u>(27,477,139)</u>
	62,791,474

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. 2,233,302

Less: Internal payable representing charges in excess of cost to business type activities.

Prior years	(477,501)
Current year	<u>(26,245)</u>
	1,729,556

Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,693,984

Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements. 827,366

Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements. (2,468,260)

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	-
Compensated absences	<u>(395,114)</u>
	(395,114)

Net position of governmental activities \$ 77,259,090

CLINTON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES	General	Capital	Roadway	Other	Total
	Fund	Improvements	Project	Governmental	Governmental
Taxes					
Property taxes	\$ 2,842,108	\$ -	\$ -	\$ -	\$ 2,842,108
Sales taxes	5,125,578	-	-	-	5,125,578
Franchise taxes	1,068,294	-	-	-	1,068,294
Fees-in-lieu of taxes	170,246	-	-	-	170,246
Licenses and permits	681,976	-	-	-	681,976
Intergovernmental	1,418,624	-	214,035	1,524,596	3,157,255
State grants	-	-	88,000	23,888	111,888
Charges for services	1,551,789	-	-	51,400	1,603,189
Fines and forfeitures	118,375	-	-	-	118,375
Miscellaneous revenue	268,655	18,647	4,045	17,650	308,997
Special revenues	446,602	-	-	-	446,602
Total revenues	<u>13,692,247</u>	<u>18,647</u>	<u>306,080</u>	<u>1,617,534</u>	<u>15,634,508</u>
EXPENDITURES					
Current					
General government	2,602,763	-	-	44,700	2,647,463
Public safety	5,327,732	-	-	-	5,327,732
Highways and public improvements	1,019,272	-	787,532	-	1,806,804
Parks and recreation	1,447,649	-	-	32,244	1,479,893
Cemeteries	90,841	-	-	-	90,841
Debt service					
Principal	-	-	-	-	-
Interest and fees	-	-	-	-	-
Capital outlay					
General government	5,473	-	-	-	5,473
Public safety	26,627	-	-	-	26,627
Highways and public improvements	156,936	-	532,499	1,436,686	2,126,121
Parks and recreation	-	-	205,659	147,483	353,142
Cemeteries	-	-	-	-	-
Total expenditures	<u>10,677,293</u>	<u>-</u>	<u>1,525,690</u>	<u>1,661,113</u>	<u>13,864,096</u>
Excess (deficiency) of revenues over expenditures	<u>3,014,954</u>	<u>18,647</u>	<u>(1,219,610)</u>	<u>(43,579)</u>	<u>1,770,412</u>
Other financing sources (uses)					
Lease and other financing proceeds	3,738	-	-	-	3,738
Transfers in	4,750	600,000	1,486,204	948,189	3,039,143
Transfers out	(2,658,393)	(104,945)	(336,000)	(4,750)	(3,104,088)
Total other financing sources and uses	<u>(2,649,005)</u>	<u>495,055</u>	<u>1,150,204</u>	<u>943,439</u>	<u>(61,207)</u>
Net change in fund balances	365,049	513,702	(69,406)	899,860	1,709,205
Fund balances - beginning of year, as restated	<u>3,793,945</u>	<u>4,993,229</u>	<u>798,693</u>	<u>1,785,012</u>	<u>11,370,879</u>
Fund balances - end of year	<u>\$ 4,158,994</u>	<u>\$ 5,506,931</u>	<u>\$ 729,287</u>	<u>\$ 2,684,872</u>	<u>\$ 13,080,084</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,709,205
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Governmental funds report capital outlays as expenditures.

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

Capital outlays	\$ 2,511,363
Depreciation expense	<u>(1,869,357)</u> 642,006

Donations of capital assets increase net position in the Statement of

Activities, but do not appear in the governmental funds because they are not financial resources.

Infrastructure	2,860,990
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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).

775,518

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.

59,290

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

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

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

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

(52,401)

Change in net position of governmental activities

\$ 5,994,608

CLINTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

Business-Type Activities - Enterprise Funds			
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 2,068,645	\$ 867,129	\$ 427,847
Accounts receivable	332,364	204,900	162,810
Interfund receivable	-	290,000	-
Inventory	38,100	-	37,441
Prepaid expenses	288,655	-	-
Total current assets	<u>2,727,764</u>	<u>1,362,029</u>	<u>628,098</u>
Noncurrent assets:			
Restricted cash and cash equivalents	869,239	-	-
Net pension asset	87,968	45,368	29,225
Land	247,931	-	-
Construction in progress	-	-	-
Water stock	1,763,100	-	-
Leased assets	-	-	-
Depreciable assets	16,770,085	7,841,906	138,524
Less: accumulated depreciation & amortization	<u>(5,223,727)</u>	<u>(2,134,643)</u>	<u>(50,181)</u>
Total noncurrent assets	<u>14,514,596</u>	<u>5,752,631</u>	<u>117,568</u>
Total assets	<u>17,242,360</u>	<u>7,114,660</u>	<u>745,666</u>
Deferred outflows of resources - pension	46,385	15,894	12,451
Total assets and deferred outflows of resources	<u>17,288,745</u>	<u>7,130,554</u>	<u>758,117</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	156,852	279,890	123,929
Accounts payable from restricted sources	98,253	242,933	-
Compensated absences	31,539	13,835	7,545
Salaries & wages payable	3,364	1,682	841
Interfund payable	1,062,000	-	-
Lease liability	-	-	-
Deposits	185,399	-	-
Total current liabilities	<u>1,537,407</u>	<u>538,340</u>	<u>132,315</u>
Noncurrent liabilities:			
Net pension liability	-	-	-
Lease liability	-	-	-
Total noncurrent liabilities	-	-	-
Deferred inflows of resources - pension	144,673	53,811	40,487
Total liabilities and deferred inflows of resources	<u>1,682,080</u>	<u>592,151</u>	<u>172,802</u>
NET POSITION			
Net investment in capital assets	13,557,389	5,707,263	88,343
Restricted - impact fees	869,239	-	-
Unrestricted	<u>1,180,037</u>	<u>831,140</u>	<u>496,972</u>
Total net position	<u><u>\$ 15,606,665</u></u>	<u><u>\$ 6,538,403</u></u>	<u><u>\$ 585,315</u></u>

Adjustment to reflect the consolidation of internal service fund activities
related to enterprise funds
Net position of business-type activities

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Storm Water	Sewer Special Service	Total	
\$ 791,955	\$ 470,042	\$ 4,625,618	\$ 474,109
43,086	13,274	756,434	-
-	-	290,000	-
6,797	-	82,338	-
-	-	288,655	12,792
<u>841,838</u>	<u>483,316</u>	<u>6,043,045</u>	<u>486,901</u>
517,116	-	1,386,355	-
50,490	2,021	215,072	49,157
409,963	-	657,894	-
158,282	-	158,282	-
-	-	1,763,100	-
-	-	-	30,294
11,746,292	1,556,605	38,053,412	5,874,857
(2,716,404)	(237,653)	(10,362,608)	(4,128,277)
<u>10,165,739</u>	<u>1,320,973</u>	<u>31,871,507</u>	<u>1,826,031</u>
11,007,577	1,804,289	37,914,552	2,312,932
17,016	1,670	93,416	22,850
<u>11,024,593</u>	<u>1,805,959</u>	<u>38,007,968</u>	<u>2,335,782</u>
21,700	10,127	592,498	1,665
64,834	-	406,020	-
16,001	752	69,672	14,140
1,682	-	7,569	1,682
-	290,000	1,352,000	-
-	-	-	59
-	(214)	185,185	-
<u>104,217</u>	<u>300,665</u>	<u>2,612,944</u>	<u>17,546</u>
-	-	-	-
-	-	-	15,202
-	-	-	15,202
66,827	3,711	309,509	69,732
171,044	304,376	2,922,453	102,480
9,598,133	1,318,952	30,270,080	1,776,874
517,116	-	1,386,355	-
738,300	182,631	3,429,080	456,428
<u>\$ 10,853,549</u>	<u>\$ 1,501,583</u>	<u>\$ 35,085,515</u>	<u>\$ 2,233,302</u>
		503,746	
		<u>35,589,261</u>	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Business-Type Activities - Enterprise Funds			
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,986,268	\$ 2,294,773	\$ 1,802,861
Other	128,547	-	-
Total operating revenue	<u>2,114,815</u>	<u>2,294,773</u>	<u>1,802,861</u>
OPERATING EXPENSES			
Operation and maintenance	380,114	175,665	97,798
Sewage treatment	-	1,834,278	-
Source of supply	447,215	-	-
Depreciation	324,980	128,166	2,454
Right of use amortization	-	-	-
General expenses	324,241	113,084	203,613
Salaries	226,278	135,990	82,859
Employee benefits	99,147	22,003	29,310
Waste collection	-	-	489,381
Waste disposal	-	-	866,052
Vehicle operation	136,195	51,849	54,419
Total operating expenses	<u>1,938,170</u>	<u>2,461,035</u>	<u>1,825,886</u>
Operating income (loss)	<u>176,645</u>	<u>(166,262)</u>	<u>(23,025)</u>
NONOPERATING REVENUE (EXPENSES)			
Impact fees	234,489	13,190	-
Interest revenue	9,364	3,159	2,040
Interest expense	-	-	-
Grants	85,000	-	-
Gain (loss) on sale	-	-	-
Total nonoperating revenue	<u>328,853</u>	<u>16,349</u>	<u>2,040</u>
Income (loss) before contributions	505,498	(149,913)	(20,985)
Transfers in (out)	64,945	10,000	-
Capital contributions	447,300	396,300	-
Change in net position	1,017,743	256,387	(20,985)
Net position - beginning	<u>14,588,922</u>	<u>6,282,016</u>	<u>606,300</u>
Net position - ending	<u>\$ 15,606,665</u>	<u>\$ 6,538,403</u>	<u>\$ 585,315</u>

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

Changes in net position of business-type activities

Business-Type Activities - Enterprise Funds				Governmental Activities
Storm Water	Sewer Special Service	Total		Internal Service Fund
\$ 490,117	\$ 136,003	\$ 6,710,022	\$ 1,032,667	
6,241	21,600	156,388	7,505	
496,358	157,603	6,866,410		1,040,172
29,520	8,618	691,715	400,076	
-	67,854	1,902,132	-	
-	-	447,215	-	
175,373	22,237	653,210	414,499	
-	-	-	3,366	
113,084	6,477	760,499	-	
144,225	4,958	594,310	137,032	
41,722	220	192,402	28,860	
-	-	489,381	-	
-	-	866,052	-	
71,307	3,091	316,861	2,606	
575,231	113,455	6,913,777	986,439	
(78,873)	44,148	(47,367)		53,733
170,755	-	418,434	-	
3,144	1,943	19,650	1,893	
-	-	-	(467)	
-	-	85,000	-	
-	-	-	30,376	
173,899	1,943	523,084	31,802	
95,026	46,091	475,717	85,535	
-	(10,000)	64,945	-	
371,200	-	1,214,800	-	
466,226	36,091	1,755,462	85,535	
10,387,323	1,465,492		2,147,767	
\$ 10,853,549	\$ 1,501,583			\$ 2,233,302
		26,245		
		\$ 1,781,707		

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Solid		
	Water	Sewer	Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,111,091	\$ 2,295,315	\$ 1,798,933
Interfund services provided	-	-	-
Payments to employees	(311,388)	(159,693)	(103,617)
Payments to suppliers	(975,469)	(1,849,311)	(1,489,727)
Payments for interfund services used	(460,436)	(164,933)	(258,032)
Net cash from operating activities	<u>363,798</u>	<u>121,378</u>	<u>(52,443)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in/(out)	64,945	10,000	-
Net cash from noncapital financing activities	<u>64,945</u>	<u>10,000</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	234,489	13,190	-
Receipts for grants	85,000	-	-
Increase in finance lease liability	-	-	-
Purchases of capital assets	(330,200)	(149,757)	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	<u>(10,711)</u>	<u>(136,567)</u>	<u>-</u>
Cash Flows From Investing Activities			
Interest and dividends received	9,364	3,159	2,040
Net cash from investing activities	<u>9,364</u>	<u>3,159</u>	<u>2,040</u>
Net increase (decrease in cash and cash equivalents)	427,396	(2,030)	(50,403)
Cash and cash equivalents, July 1	2,510,488	869,159	478,250
Cash and cash equivalents, June 30	<u>\$ 2,937,884</u>	<u>\$ 867,129</u>	<u>\$ 427,847</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 176,645	\$ (166,262)	\$ (23,025)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	324,980	128,166	2,454
Lease amortization expense	-	-	-
(Increase) decrease in prepaid expenses	(69,355)	-	-
(Increase) decrease in accounts receivable	(1,808)	542	(3,928)
(Increase) decrease in inventory	(31,424)	-	(18,938)
Increase (decrease) in accounts payable	51,786	182,635	11,752
Increase (decrease) in compensated absences	(5,281)	8,114	782
Increase (decrease) in accrued expenses	(16,786)	(2,049)	(3,357)
Increase (decrease) in net pension liability	(63,043)	(29,768)	(18,183)
Increase (decrease) in deposits	(1,916)	-	-
Total adjustments	<u>187,153</u>	<u>287,640</u>	<u>(29,418)</u>
Net cash provided (used) by operating activities	<u>\$ 363,798</u>	<u>\$ 121,378</u>	<u>\$ (52,443)</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ 447,300</u>	<u>\$ 396,300</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds				Governmental Activities
Storm Water	Sewer Service	Total	Internal Service Fund	
\$ 497,096	\$ 154,863	\$ 6,857,298	\$ -	
-	-	-	1,067,323	
(173,849)	(8,018)	(756,565)	(171,223)	
(24,739)	(71,424)	(4,410,670)	(405,849)	
(184,391)	(9,568)	(1,077,360)	-	
<u>114,117</u>	<u>65,853</u>	<u>612,703</u>	<u>490,251</u>	
<u>-</u>	<u>(10,000)</u>	<u>64,945</u>	<u>-</u>	
<u>-</u>	<u>(10,000)</u>	<u>64,945</u>	<u>-</u>	
170,755	-	418,434	-	
-	-	85,000	-	
-	-	-	(15,500)	
(650,250)	-	(1,130,207)	(622,778)	
-	-	-	30,376	
<u>(479,495)</u>	<u>-</u>	<u>(626,773)</u>	<u>(607,902)</u>	
3,144	1,943	19,650	1,893	
<u>3,144</u>	<u>1,943</u>	<u>19,650</u>	<u>1,893</u>	
(362,234)	57,796	70,525	(115,758)	
1,671,305	412,246	5,941,448	589,867	
\$ 1,309,071	\$ 470,042	\$ 6,011,973	\$ 474,109	
\$ (78,873)	\$ 44,148	\$ (47,367)	\$ 53,733	
175,373	22,237	653,210	414,499	
-	-	-	3,366	
-	-	(69,355)	38,048	
738	(2,526)	(6,982)	27,151	
(4,207)	-	(54,569)	-	
46,503	5,268	297,944	(12,355)	
5,376	87	9,078	3,432	
(5,130)	(378)	(27,700)	(3,766)	
(25,663)	(2,769)	(139,426)	(33,857)	
-	(214)	(2,130)	-	
<u>192,990</u>	<u>21,705</u>	<u>660,070</u>	<u>436,518</u>	
\$ 114,117	\$ 65,853	\$ 612,703	\$ 490,251	
\$ 371,200	\$ -	\$ 1,214,800	\$ -	

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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 \$150,206 for the year ended June 30, 2022.

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates

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

J. Restricted Resources

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

K. Bond Premium

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, \$0 of the City's bank balances of \$252,242 was uninsured and uncollateralized.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments, continued

Fair Value of Investments

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

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

At June 30, 2022, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 19,429,464	\$ -	\$ 19,429,464	\$ -
Total debt securities	<u>\$ 19,429,464</u>	<u>\$ -</u>	<u>\$ 19,429,464</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, 2022 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, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2022, 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	19,429,464	19,429,464	-	-	-
	19,429,464	19,429,464	-	-	-

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, 2022, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	19,429,464	-	-	-	19,429,464
	19,429,464	-	-	-	19,429,464

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.

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	\$ (120,747)
Petty cash	120
PTIF investment	19,429,464
Total cash and investments	<u>\$ 19,308,837</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Unrestricted cash	\$ 15,919,876
Restricted cash for:	
Transportation impact fees	92,590
RDA fund	279,961
Cemetery	748,005
Park impact fees	503,389
Transportation tax	180,493
Class C roads	198,168
Utility impact fees	<u>1,386,355</u>
Total cash and investments	<u><u>\$ 19,308,837</u></u>

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	\$ -	\$ 124,697	\$ 124,697
Ambulance billing service provider	-	53,413	53,413
Customers	-	949	949
Utah State Tax Commission	995,385	-	995,385
Utah Department of Transportation	209,037	-	209,037
County - current property taxes	22,870	-	22,870
Taxpayers - unavailable taxes	<u>2,776,902</u>	<u>-</u>	<u>2,776,902</u>
	<u>4,004,194</u>	<u>179,059</u>	<u>4,183,253</u>
Business-type Activities:			
Customers	-	756,434	756,434
Gross receivables	4,004,194	935,493	4,939,687
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 4,004,194</u>	<u>\$ 935,493</u>	<u>\$ 4,939,687</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES (CONTINUED)

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ 153,346	\$ 65,791	\$ 219,137
Capital Improvements Fund	-	-	-
Roadway Project Fund	-	77,308	77,308
Nonmajor Governmental Funds	-	71,783	71,783
Water Fund	143,374	111,731	255,105
Sewer Fund	444,769	78,054	522,823
Solid Waste Fund	-	123,929	123,929
Storm Water Fund	-	86,534	86,534
Sewer Special Service	6,278	3,849	10,127
Internal Service Fund	-	1,665	1,665
 Total	 <u>\$ 747,767</u>	 <u>\$ 620,644</u>	 <u>\$ 1,368,411</u>

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CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS

The City has no leased assets reported in their business-type activities. Capital assets activity for the year ended June 30, 2022, was as follows:

GOVERNMENTAL ACTIVITIES	Balance			Balance June 30, 2022
	June 30, 2021	Additions	Deletions	
Nondepreciated Assets				
Land	\$ 10,323,630	\$ -	\$ -	\$ 10,323,630
Work in process	44,350	578,352	-	622,702
Total nondepreciated assets	10,367,980	578,352	-	10,946,332
Depreciated Assets				
Internal service	5,377,172	622,779	(125,094)	5,874,857
Leased equipment	-	30,294	-	30,294
Infrastructure	48,782,614	4,394,635	-	53,177,249
Improvements	5,636,193	367,176	-	6,003,369
Buildings	18,579,934	17,167	-	18,597,101
Machinery and equipment	1,529,629	14,933	-	1,544,562
Total depreciated assets	79,905,542	5,446,984	(125,094)	85,227,432
Less accumulated depreciation				
Internal service	(3,835,505)	(414,500)	125,094	(4,124,911)
Infrastructure	(16,476,889)	(1,088,649)	-	(17,565,538)
Improvements	(1,839,383)	(228,672)	-	(2,068,055)
Buildings	(6,030,011)	(465,440)	-	(6,495,451)
Machinery and equipment	(1,261,499)	(86,596)	-	(1,348,095)
Total accumulated depreciation	(29,443,287)	(2,283,857)	125,094	(31,602,050)
Less accumulated amortization				
Leased assets	-	(3,366)	-	(3,366)
Total accumulated depreciation and amortization	-	(3,366)	-	(3,366)
Net assets depreciated	50,462,255	3,163,127	-	53,622,016
Governmental activities capital assets, net	<u>\$ 60,830,235</u>	<u>\$ 3,741,479</u>	<u>\$ -</u>	<u>\$ 64,568,348</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance June 30, 2022
	June 30, 2021	Additions	Deletions	
Nondepreciated Assets				
Land	\$ 657,894	\$ -	\$ -	\$ 657,894
Construction in progress	-	158,282	-	158,282
Water rights	1,763,100	-	-	1,763,100
	<u>2,420,994</u>	<u>158,282</u>	<u>-</u>	<u>2,579,276</u>
Depreciated Assets				
Solid waste	138,524	-	-	138,524
Water system	15,992,585	777,500	-	16,770,085
Sewer system	8,852,453	546,057	-	9,398,510
Storm water improvements	10,883,125	863,168	-	11,746,293
Total depreciated assets	<u>35,866,687</u>	<u>2,186,725</u>	<u>-</u>	<u>38,053,412</u>
Less accumulated depreciation				
Solid waste	(47,728)	(2,454)	-	(50,182)
Water system & equipment	(4,898,747)	(324,980)	-	(5,223,727)
Sewer system & equipment	(2,221,894)	(150,403)	-	(2,372,297)
Storm water improvements	(2,541,031)	(175,371)	-	(2,716,402)
Total	<u>(9,709,400)</u>	<u>(653,208)</u>	<u>-</u>	<u>(10,362,608)</u>
Net assets depreciated	<u>26,157,287</u>	<u>1,533,517</u>	<u>-</u>	<u>27,690,804</u>
Business-type activities capital assets, net	<u>\$ 28,578,281</u>	<u>\$ 1,691,799</u>	<u>\$ -</u>	<u>\$ 30,270,080</u>

DEPRECIATION AND AMORTIZATION EXPENSE

	Governmental		Totals
	Types	Business	
General government	\$ 461,187	\$ -	\$ 461,187
Public Safety	61,458	-	61,458
Highways and improvements	1,141,909	-	1,141,909
Parks and recreation	204,803	-	204,803
Internal service*	414,500	-	414,500
Solid waste	-	2,454	2,454
Water system	-	324,980	324,980
Sewer system	-	150,403	150,403
Storm water improvements	-	175,371	175,371
TOTAL	\$ 2,283,857	\$ 653,208	\$ 2,937,065

* 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, 2022

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	Outstanding			Outstanding 6/30/2022	Current Portion
	Rate	6/30/2021	Increase	Decrease		
GOVERNMENTAL ACTIVITIES						
Net Pension Liability	N/A	\$ 424,657	\$ -	\$ (424,657)	\$ -	N/A
Lease liability	N/A	-	15,261	-	15,261	59
Compensated Absences	N/A	353,512	55,742	-	409,254	N/A
TOTAL		\$ 778,169	\$ 71,003	\$ (424,657)	\$ 424,515	\$ 59

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

Description	Interest	Outstanding			Outstanding 6/30/2022	Current Portion
	Rate	6/30/2021	Increase	Decrease		
BUSINESS-TYPE ACTIVITIES						
Compensated Absences	N/A	\$ 60,594	\$ 9,078	\$ -	\$ 69,672	N/A
Net Pension Liability	N/A	92,715	-	(92,715)	-	N/A
TOTAL		\$ 153,309	\$ 9,078	\$ (92,715)	\$ 69,672	N/A

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and increased beginning net position of the General Fund by \$3,706.

The beginning fund balance of two governmental funds (Roadway Project Fund and Park Acquisition Fund) has also been restated to record a prior period adjustment to recognize grant revenues earned in prior years. As a result, beginning net position for governmental activities was increased \$533,474.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT (CONTINUED)

The implementation of GASB Statement No. 87 and restatement of fund balance has the following effect on net position as reported June 30, 2022:

Governmental Activities	
Net Position June 30, 2021	\$ 70,727,302
Adjustments:	
Lease receivable	130,786
Deferred inflows - leases	(127,080)
Grant Revenues	<u>533,474</u>
Restated Net Position June 30, 2021	<u><u>\$ 71,264,482</u></u>

NOTE 6 - LEASES

Lease agreements are summarized as follows:

Description	Original Date	Term	Payment Amount	Interest Rate	Original Lease Liability	Balance June 30, 2022
Equipment lease - CAT 926 M Loader	10/2/2021	2 years	15,500	4.67%	30,294	<u><u>\$ 15,261</u></u>

The loader equipment was leased for the Motor Pool department beginning October 2, 2021 for a term of two years at an interest rate of 4.67%. This lease is not renewable and the City will not acquire the equipment at the end of the two years.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 15,261	\$ 239	<u>\$ 15,500</u>
	<u><u>\$ 15,261</u></u>	<u><u>\$ 239</u></u>	<u><u>\$ 15,500</u></u>

NOTE 6 – LEASE RECEIVABLE

The City is reporting a Lease Receivable of \$130,754 at June 30, 2022. For 2022, the City reported lease revenue of \$3,738 and interest revenue of \$6,147 related to lease payments received. The lease is summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Crown Castle property lease	130,754	3,738	6,147
Total lease agreements:	<u><u>\$ 130,754</u></u>	<u><u>\$ 3,738</u></u>	<u><u>\$ 6,147</u></u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – LEASE RECEIVABLE (CONTINUED)

Crown Castle Lease – On October 1, 2020, the City entered into a five-year lease agreement with Atlas Tower for the lease of real property for the purpose of constructing, maintaining and operating a communications facility including tower structures. This lease was re-assigned to Crown Castle on March 17, 2022. Based on this agreement, the City is receiving monthly payments through September 30, 2025. The renewal agreement dated October 1, 2020 provided the Tenant with the option to extend the lease for an initial term of five years plus five additional five-year renewal terms thereafter.

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);
- 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.

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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

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	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Public Safety System	Highest 3 years	20 years any age	2.5% per year up to 20 years;	Up to 2.5% or 4%
		10 years age 60	2.0% per year over 20 years	depending on employer
		4 years age 65		
Firefighters System	Highest 3 years	20 years any age	2.5% per year up to 20 years;	Up to 4%
		10 years age 60	2.0% per year over 20 years	
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age	1.5% per year to June 30, 2020;	Up to 2.5%
		20 years age 60*	2.00% per year July 1, 2020	
		10 years age 62*	to present	
		4 years age 65		

* actuarial reductions are applied

** 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, 2022

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, 2022 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	16.07%	0.62%
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	2.27%	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, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 267,258	N/A
Public Safety System	209,599	-
Firefighters System	16,942	-
Tier 2 Public Employees System	94,477	-
Tier 2 Public Safety and Firefighter	207,676	-
Tier 2 DC Only System	17,922	N/A
Tier 2 DC Public Safety and Firefighter	15,291	N/A
Total Contributions	\$ 829,165	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, we reported a net pension asset of \$1,958,213 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021			Proportionate Share December 31, 2020	Increase (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ 974,433	\$ -	0.1701438%	0.1716594%	-0.0015156%
Contributory System	-	-	-	0.3799442%	-0.3799442%
Public Safety System	401,496	-	0.4943660%	0.4801264%	0.0142396%
Firefighters System	554,444	-	0.9506663%	1.0189310%	-0.0682647%
Tier 2 Public Employees System	10,652	-	0.0251679%	0.0246722%	0.0004957%
Tier 2 Public Safety and Firefighter	17,188	-	0.3400742%	0.3027069%	0.0373673%
	<u>\$ 1,958,213</u>	<u>\$ -</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, 2022, we recognized pension expense of (\$120,991).

At June 30, 2022 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	\$ 195,087	\$ 9,156
Changes in assumptions	245,570	13,622
Net difference between projected and actual earnings on pension plan investments	-	2,818,312
Changes in proportion and differences between contributions and proportionate share of contributions	70,443	6,411
Contributions subsequent to the measurement date	432,532	-
Total	\$ 943,632	\$ 2,847,501

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$432,532 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, 2021.

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
2022	\$ (431,882)
2023	(829,474)
2024	(665,817)
2025	(449,194)
2026	6,854
Thereafter	\$ 33,116

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

For the year ended June 30, 2022, we recognized pension expense of (\$143,642).

At June 30, 2022, 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	\$ 102,061	\$ -
Changes in assumptions	91,454	6,290
Net difference between projected and actual earnings on pension plan investments	-	1,311,942
Changes in proportion and differences between contributions and proportionate share of contributions	3,663	3,806
Contributions subsequent to the measurement date	130,874	-
Total	\$ 328,052	\$ 1,322,038

\$130,874 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, 2021.

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, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (214,145)
2023	(375,029)
2024	(317,701)
2025	(217,984)
2026	-
Thereafter	\$ -

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

For the year ended June 30, 2022, we recognized pension expense of (\$47,425).

At June 30, 2022, 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	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

\$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, 2021.

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
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, we recognized pension expense of \$50,181.

At June 30, 2022, 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	\$ 34,172	\$ -
Changes in assumptions	70,391	4,176
Net difference between projected and actual earnings on pension plan investments	-	1,085,227
Changes in proportion and differences between contributions and proportionate share of contributions	34,006	-
Contributions subsequent to the measurement date	<u>106,643</u>	<u>-</u>
Total	\$ 245,212	\$ 1,089,403

\$106,643 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, 2021.

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
2022	\$ (155,176)
2023	(347,901)
2024	(267,836)
2025	(179,920)
2026	-
Thereafter	\$ -

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

For the year ended June 30, 2022, we recognized pension expense of (\$108,144).

At June 30, 2022, 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, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,950	\$ 4,960
Changes in assumptions	54,505	-
Net difference between projected and actual earnings on pension plan investments	-	342,285
Changes in proportion and differences between contributions and proportionate share of contributions	15,988	234
Contributions subsequent to the measurement date	9,591	-
Total	\$ 119,034	\$ 347,479

\$9,591 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, 2021. 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
2022	\$ (46,490)
2023	(86,718)
2024	(65,292)
2025	(41,680)
2026	2,147
Thereafter	\$ -

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

For the year ended June 30, 2022, we recognized pension expense of \$36,966. At June 30, 2022, 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	\$ 5,175	\$ 1,372
Changes in assumptions	9,932	101
Net difference between projected and actual earnings on pension plan investments	-	26,320
Changes in proportion and differences between contributions and proportionate share of contributions	5,416	-
Contributions subsequent to the measurement date	63,961	-
Total	\$ 84,484	\$ 27,793

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

\$63,961 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, 2021.

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
2022	\$ (4,967)
2023	(6,362)
2024	(4,621)
2025	(2,670)
2026	2,042
Thereafter	\$ 9,306

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

For the year ended June 30, 2022, we recognized pension expense of \$91,072.

At June 30, 2022, 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	\$ 14,729	\$ 2,824
Changes in assumptions	19,288	3,055
Net difference between projected and actual earnings on pension plan investments	-	52,537
Changes in proportion and differences between contributions and proportionate share of contributions	11,370	2,372
Contributions subsequent to the measurement date	121,463	-
Total	\$ 166,850	\$ 60,788

\$121,463 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, 2021.

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, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (11,104)
2023	(13,465)
2024	(10,368)
2025	(6,940)
2026	2,665
Thereafter	\$ 23,810

Actuarial assumptions:

The total pension liability in the December 31, 2021 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 – 9.25 percent, average, including inflation
Investment rate of return	6.85 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, 2021 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%	6.58%	2.43%
Debt Securities	20%	-0.28%	-0.06%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash and Cash Equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
	<u>Inflation</u>		2.50%
	<u>Expected arithmetic nominal return</u>		7.39%

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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 6.85 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 (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 523,981	\$ (974,432)	\$ (2,224,565)
Public Safety System	990,220	(401,496)	(1,531,665)
Firefighters System	(135,771)	(554,444)	(893,793)
Tier 2 Public Employees System	63,467	(10,652)	(67,560)
Tier 2 Public Safety and Firefighter	137,892	(17,188)	(140,301)
Total	\$ 1,579,789	\$ (1,958,212)	\$ (4,857,884)

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, 2022

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 30th were as follows:

<u>401(k) Plan</u>	2022	2021	2020
Employer Contributions	\$ 216,435	\$ 203,828	\$ 208,453
Employee Contributions	118,944	112,206	95,074
<u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	14,856	14,596	14,291
<u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	51,489	41,220	34,908

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, 2022, 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, 2022**

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, 2022 were as follows:

Transfers In								
Transfers Out	General	Roadway	Park Acquisition	Capital Projects	3000 W Project	Sewer	Water	Total
General	\$ -	\$ 1,446,204	\$ 612,189	\$ 600,000	\$ -	\$ -	\$ -	\$ 2,658,393
Capital Projects	-	40,000	-	-	-	-	64,945	104,945
Redevelopment	4,750	-	-	-	-	-	-	4,750
Roadway	-	-	-	-	336,000	-	-	336,000
Sewer Special	-	-	-	-	-	10,000	-	10,000
Totals	\$ 4,750	\$ 1,486,204	\$ 612,189	\$ 600,000	\$ 336,000	\$ 10,000	\$ 64,945	\$ 3,114,088

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 \$ 44,700

NOTE 11 - CONTINGENT LIABILITIES

Amounts 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
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years*

	As of fiscal year ended June 30,	Contributions in relation to the contractually required contribution				Covered employee payroll	Contributions as a percentage of covered employee payroll
		Actuarial Determined Contributions		Contribution deficiency (excess)			
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%	
	2022	267,258	267,258	-	1,448,922	18.45%	
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%	
	2022	-	-	-	-	0.00%	
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%	
	2022	209,599	209,599	-	615,745	34.04%	
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%	
	2022	16,942	16,942	-	367,506	4.61%	

See accompanying notes to required supplementary information

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 14 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund and department. For the year ended June 30, 2022 all funds maintained expenditures below their appropriations with the exception of the 800 N fund which is over budget by \$62,476 and the Parks and Recreation department in the General Fund which is overbudget by \$14,706.

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 IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property taxes	\$ 2,711,040	\$ 2,711,040	\$ 2,842,108	\$ 131,068
Sales taxes	3,573,788	3,748,451	5,125,578	1,377,127
Utility franchise taxes	1,000,940	1,000,940	1,068,294	67,354
Fees-in-lieu of taxes	141,680	141,680	170,246	28,566
Licenses and permits	565,120	565,120	681,976	116,856
Intergovernmental revenue	2,625,745	3,377,008	1,418,624	(1,958,384)
Charges for services	1,519,195	1,519,195	1,551,789	32,594
Fines and forfeitures	112,480	112,480	118,375	5,895
Miscellaneous revenue	274,750	283,310	268,655	(14,655)
Special revenues	348,400	348,400	446,602	98,202
TOTAL REVENUES	12,873,138	13,807,624	13,692,247	(115,377)
EXPENDITURES				
General government:				
Legislative	111,644	118,104	115,271	2,833
City manager	346,035	355,678	354,057	1,621
Judicial	267,605	273,442	255,617	17,825
Professional and technical	555,805	605,805	570,618	35,187
Elections	33,950	37,350	37,326	24
City treasurer	543,237	554,685	545,066	9,619
Buildings	212,235	252,670	225,638	27,032
ARPA funds	1,331,385	1,331,385	-	1,331,385
Community development	482,668	516,874	504,643	12,231
Total general government	3,884,564	4,045,993	2,608,236	1,437,757
Public safety:				
Law enforcement	2,819,319	2,973,061	3,012,147	(39,086)
Debt service	-	-	-	-
Crossing guards	63,970	67,170	63,710	3,460
Fire protection	1,414,515	1,442,940	1,378,157	64,783
Ambulance services	481,151	498,275	457,590	40,685
Paramedics	699,424	699,424	421,686	277,738
DUI - enforcement	13,600	21,070	21,069	1
Total public safety	5,491,979	5,701,940	5,354,359	347,581
Highways and streets:				
Public works	330,479	334,272	304,132	30,140
Class "C" roads	922,020	1,208,248	872,076	336,172
Capital outlay	-	-	-	-
Total highways and streets	1,252,499	1,542,520	1,176,208	366,312

CLINTON CITY

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 581,911	\$ 611,606	\$ 653,489	\$ (41,883)
Recreation	419,594	430,580	404,633	25,947
Recreation programs	288,242	298,742	294,074	4,668
Heritage days	82,245	92,015	95,453	(3,438)
Total parks and recreation	<u>1,371,992</u>	<u>1,432,943</u>	<u>1,447,649</u>	<u>(14,706)</u>
Cemeteries	<u>97,894</u>	<u>99,027</u>	<u>90,841</u>	<u>8,186</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
TOTAL EXPENDITURES	<u>12,098,928</u>	<u>12,822,423</u>	<u>10,677,293</u>	<u>2,145,130</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>774,210</u>	<u>985,201</u>	<u>3,014,954</u>	<u>2,029,753</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	-	-	-	-
Lease and other financing proceeds	-	-	3,738	3,738
Operating transfers in	393,750	1,534,022	4,750	(1,529,272)
Operating transfers out	(1,167,960)	(2,519,223)	(2,658,393)	(139,170)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(774,210)</u>	<u>(985,201)</u>	<u>(2,649,905)</u>	<u>(1,664,704)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	365,049	365,049
Fund balance - July 1, as restated	<u>3,793,945</u>	<u>3,793,945</u>	<u>3,793,945</u>	<u>-</u>
Fund balance - June 30	<u>\$ 3,793,945</u>	<u>\$ 3,793,945</u>	<u>\$ 4,158,994</u>	<u>\$ 365,049</u>

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
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)	2022	0.1701438%	-	0.4943660%	0.9506663%	0.0251679%	0.3400742%
	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)	2022	\$ (974,432)	-	\$ (401,496)	\$ (554,444)	\$ (10,652)	\$ (17,188)
	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	2022	\$ 1,501,608	-	\$ 657,851	\$ 316,951	\$ 466,872	\$ 813,247
	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	2022	-64.89%	-	-61.03%	-174.93%	-2.28%	-2.11%
	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	2022	108.7%	-	104.2%	120.1%	103.8%	102.8%
	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, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years*

	As of fiscal year ended June 30,	Contributions in relation to the contractually required contribution				Covered employee payroll	Contributions as a percentage of covered employee payroll
		Actuarial Determined Contributions		Contribution deficiency (excess)			
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%	
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	2020	277,606	277,606	-	1,515,857	18.31%	
	2021	281,198	281,198	-	1,536,766	18.30%	
	2022	267,258	267,258	-	1,448,922	18.45%	
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%	
	2022	-	-	-	-	0.00%	
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%	
	2022	209,599	209,599	-	615,745	34.04%	
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%	
	2022	16,942	16,942	-	367,506	4.61%	

See accompanying notes to required supplementary information

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS (Continued)
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years*

	As of fiscal year ended June 30,	Contributions in relation to the contractually required contribution				Covered employee payroll	Contributions as a percentage of covered employee payroll
		Actuarial Determined Contributions		Contribution deficiency (excess)			
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	15.77%	
	2022	94,477	94,477	-	587,911	16.07%	
Tier 2 Public Safety and Firefighter System**	2014	\$ -	\$ -	\$ -	\$ -	0.00%	
	2015	-	-	-	-	0.00%	
	2016	-	-	-	-	0.00%	
	2017	-	-	-	-	0.00%	
	2018	-	-	-	-	0.00%	
	2019	-	-	-	-	0.00%	
	2020	104,303	104,303	-	585,107	17.83%	
	2021	137,815	137,815	-	677,730	20.33%	
	2022	207,676	207,676	-	1,000,980	20.75%	
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%	
	2022	17,921	17,921	-	267,880	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%	
	2022	15,291	15,291	-	129,259	11.83%	

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

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

CLINTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022

Changes in Assumptions:

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Capital Projects					Permanent Fund Perpetual Care
	Park Acquisition	800 N Project	3000 West Project	Memorial Rock Project	Total	
ASSETS						
Cash and cash equivalents	\$ 662,383	\$ 211,175	\$ 322,032	\$ -	\$ 1,195,590	\$ -
Restricted cash	503,389	-	-	-	503,389	748,005
Prepaid expense	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Total assets	\$ 1,165,772	\$ 211,175	\$ 322,032	\$ -	\$ 1,698,979	\$ 748,005
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	63,844	-	-	63,844	-
Accounts payable from restricted sources	7,939	-	-	-	7,939	-
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	7,939	63,844	-	-	71,783	-
FUND BALANCES						
Restricted for:						
Park impact fees	503,389	-	-	-	503,389	-
Special revenue - RDA	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	748,005
Assigned for:						
Park acquisition	654,444	-	-	-	654,444	-
Roadway projects	-	147,331	322,032	-	469,363	-
Special revenue - housing grant	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-
Community arts	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	1,157,833	147,331	322,032	-	1,627,196	748,005
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,165,772	\$ 211,175	\$ 322,032	\$ -	\$ 1,698,979	\$ 748,005

Redevelopment Agency	Special Revenue				Total Nonmajor Governmental Funds
	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ -	\$ 13,128	\$ 16,023	\$ 559	\$ 29,710	\$ 1,225,300
279,961	-	-	-	279,961	1,531,355
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 279,961</u>	<u>\$ 13,128</u>	<u>\$ 16,023</u>	<u>\$ 559</u>	<u>\$ 309,671</u>	<u>\$ 2,756,655</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
-	-	-	-	-	63,844
-	-	-	-	-	7,939
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,783</u>
 - - -	 - - -	 - - -	 - - -	 - - -	 503,389
279,961	-	-	-	279,961	279,961
-	-	-	-	-	748,005
- - -	- - -	- - -	- - -	- - -	654,444
- - -	- - -	- - -	- - -	- - -	469,363
- - -	- - -	- - -	- - -	- - -	-
- - -	- - -	- - -	- - -	- - -	-
- 13,128	16,023	-	-	29,151	29,151
- -	-	559	559	559	559
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>279,961</u>	<u>13,128</u>	<u>16,023</u>	<u>559</u>	<u>309,671</u>	<u>2,684,872</u>
 <u>\$ 279,961</u>	 <u>\$ 13,128</u>	 <u>\$ 16,023</u>	 <u>\$ 559</u>	 <u>\$ 309,671</u>	 <u>\$ 2,756,655</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Capital Projects				Permanent Fund Perpetual Care
	Park Acquisition	800 N Project	3000 West Project	Memorial Rock Project	
REVENUES					
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ 51,400
Interest income	2,257	-	-	-	2,257 3,141
Donations	-	-	-	-	-
Intergovernmental	-	1,524,596	-	-	1,524,596 -
State grants	23,888	-	-	-	23,888
Fees/miscellaneous	-	-	-	-	-
Property taxes	-	-	-	-	-
Total revenues	<u>26,145</u>	<u>1,524,596</u>	<u>-</u>	<u>-</u>	<u>1,550,741</u> <u>54,541</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Highways and public improvements	-	-	-	-	-
Parks and recreation	28,627	-	-	-	28,627 -
Cemeteries	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Highways and public improvements	34,728	1,387,990	13,968	-	1,436,686 -
Parks and recreation	147,483	-	-	-	147,483 -
Total expenditures	<u>210,838</u>	<u>1,387,990</u>	<u>13,968</u>	<u>-</u>	<u>1,612,796</u> <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(184,693)</u>	<u>136,606</u>	<u>(13,968)</u>	<u>-</u>	<u>(62,055)</u> <u>54,541</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	612,189	-	336,000	-	948,189 -
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>612,189</u>	<u>-</u>	<u>336,000</u>	<u>-</u>	<u>948,189</u> <u>-</u>
Net change in fund balances	427,496	136,606	322,032	-	886,134 54,541
Fund balance - beginning of year, as restated	<u>730,337</u>	<u>10,725</u>	<u>-</u>	<u>-</u>	<u>741,062</u> <u>693,464</u>
Fund balance - end of year	<u>\$ 1,157,833</u>	<u>\$ 147,331</u>	<u>\$ 322,032</u>	<u>\$ -</u>	<u>\$ 1,627,196</u> <u>\$ 748,005</u>

Special Revenue					Total Nonmajor Governmental Funds	
Redevelopment Agency	Community Arts	PARCS	Clinton Citizen Corp.	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,400	
1,436	-	-	-	1,436	6,834	
-	3,433	7,341	-	10,774	10,774	
-	-	-	-	-	1,524,596	
-	-	-	-	-	23,888	
-	-	-	42	42	42	
-	-	-	-	-	-	
1,436	3,433	7,341	42	12,252	1,617,534	
 <hr/>						
44,700	-	-	-	44,700	44,700	
-	-	-	-	-	-	
-	3,617	-	-	3,617	32,244	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	1,436,686	
-	-	-	-	-	147,483	
44,700	3,617	-	-	48,317	1,661,113	
(43,264)	(184)	7,341	42	(36,065)	(43,579)	
 <hr/>						
-	-	-	-	-	948,189	
(4,750)	-	-	-	(4,750)	(4,750)	
(4,750)	-	-	-	(4,750)	943,439	
(48,014)	(184)	7,341	42	(40,815)	899,860	
327,975	13,312	8,682	517	350,486	1,785,012	
\$ 279,961	\$ 13,128	\$ 16,023	\$ 559	\$ 309,671	\$ 2,684,872	

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 and Management of
Clinton City
2267 North 1500 West
Clinton, UT 84015

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of Clinton City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on 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) as a basis for designing 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings as 2022-02 that we consider to be material weaknesses. In addition, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
March 7, 2023

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

To the Board of Trustees 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 for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

Budgetary Compliance	Tax Levy Recognition
Justice Court	Impact Fees
Fraud Risk Assessment	Utah Retirement Systems
Fund Balance	Public Treasurer's Bond
Restricted Taxes and Related Restricted Revenue	Government Fees
Enterprise Fund Transfers, Reimbursements, Loans, and Services	

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, 2022.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2022-1 and in our letter to management dated March 7, 2023 as item 2022-4. Our opinion on compliance is not modified with respect to these matters.

Clinton City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and in our letter to management dated March 7, 2023. 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
March 7, 2023

**CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2022**

2022-01: State Compliance – Budgetary Compliance (noncompliance)

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

Condition: For the year ended June 30, 2022, expenditures in the 800 N Fund were in excess of appropriations by \$62,476. In addition, expenditures in the General Fund Parks and Recreation department were in excess of appropriations by \$14,706.

Cause: Differences in timing of actual expenditures and reimbursements from the State of Utah Department of Transportation. In addition, year-end accruals to record secondary water expense in the parks department were not taken into account.

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

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

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

2022-02: Material Misstatements (material weakness)

Criteria: Management is responsible to maintain accurate financial records for the usefulness of management and the governing board as well as proper reporting of public funds.

Condition: The auditors identified the following misstatements in financial records requiring several adjustments and recalculations to be made by management and proposed by the auditors during the audit process:

1. Compensated absences liability balances were not updated to reflect payouts due at 6/30/2022.
2. Pension entries required by GASB 68 were not recorded as proposed by Utah Retirement Systems.
3. Accounts receivable balances did not accurately reflect revenue accrued at year end for property tax, sales tax, telecom tax, transportation tax, class c roads, and franchise tax.
4. A few revenue transactions were improperly recorded as "Gain on Sale" of fixed assets, requiring reclassification.
5. Grant revenue for one grant was improperly recorded as sundry revenue and grant receivables were not properly accrued for expenses incurred under reimbursable grants. In addition, prior period adjustments were required to match revenue received in the current year with expenses incurred prior to 2022.
6. Transactions made to record budgeted transfers included duplicates and errors that did not reflect the final approved budget.
7. Accounts payable balances were not allocated from the General Fund to the fund in which the expense was incurred and several expenses, including construction retainage, were not accrued at year end.
8. Inventory balances were not updated to reflect actual items on hand as of 6/30/2022.

**CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2022**

9. Unspent ARPA funds were not recorded as deferred revenue. In addition, a transfer of ARPA funds was incorrectly recorded, reporting revenue in the General Fund as well as the Capital Improvement Fund.
10. GASB 87, requiring the recognition of lease assets and liabilities, was not implemented by the city.
11. Wages and benefits payable balances did not reflect salaries and benefits expense accrued at year end.
12. Fixed asset additions and deletions including contributed capital were not recorded. In addition, depreciation expense was not calculated or adjusted.
13. Prepaid balances were not updated to reflect expenses paid in advance.
14. Class C revenues received in May were not recorded.
15. Reserve balances were not adjusted to reflect 2022 revenues and expenses.

Cause: During the 2022 fiscal year, the city underwent changes in accounting responsibilities and as a result did not implement controls necessary to maintain financial statements free of material misstatements.

Effect: The lack of year-end adjustments and monitoring of account balances has resulted in misstatements in the general ledger and financial reports. The city's assets, liabilities, revenues, expenditures were misstated prior to adjustments made by the auditor.

Recommendation: We recommend the city ensure financial records are maintained in accordance with Utah law and professional accounting standards to accurately reflect the city's financial position and results of operations.

Management's Response: The recommendation to "ensure City financial records are maintained in accordance with Utah law and professional accounting standards" is the objective for which we have strived year after year. As noted in the "cause", we went through changes in accounting responsibilities which created a severe transition when our highly qualified Finance Specialist was lured away to another city. In the meantime, the position was announced and advertised through multiple outlets and personal networks. The only viable candidate willing to accept the available wage came from the state court system, but was found to be unqualified after working to train in the basic accounting model and the duties involved. She resigned leaving the position open again for another two months while we searched once more for replacement candidates. This time three candidates were located from our efforts to publish the availability of the open position. The best of the three was selected with the hope that through training from his spouse, who was our former Finance Specialist, we would be able to accomplish the tasks that had gone undone for 3 months due to the absence of staffing. It has been a struggle to catch up. Due to other extenuating circumstances, catching up and moving forward effectively with the technical duties of governmental accounting was a challenge. All 15 of the detailed conditions of material misstatements can be tracked to insufficient understanding of the principles of governmental accounting within the time period available to catch up. Before the audit, a question was presented to the auditors as to how we might pursue a training arrangement or enlist someone to work in conjunction with our new hire. We were instructed that at that stage in the game, it would be too late to really be effective. Therefore, we proceeded with the assistance of the auditing process. We are giving consideration to options of becoming a member of the GFOA and enrolling our Finance Specialist in training through that organization to improve skills and understanding.