

City of Clinton, Iowa

Financial and Compliance Report
Year Ended June 30, 2021

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CITY OF CLINTON, IOWA

List of Principal Officials

June 30, 2021

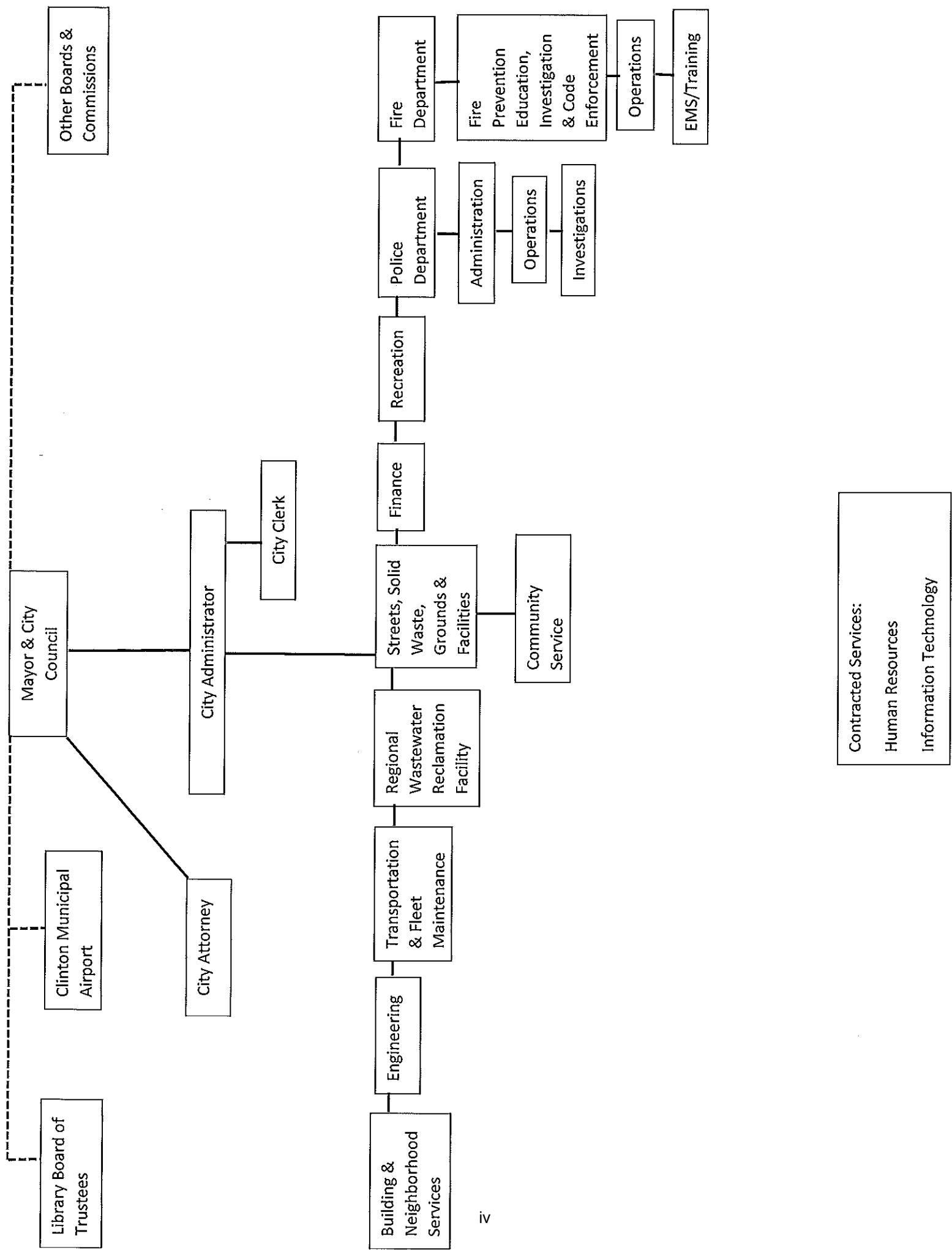
ELECTED OFFICIALS

(Fiscal Year 2021)

Mayor	Scott Maddasion
Council Member	Corey Robinson
Council Member	Cody Seeley
Council Member	Bill Schemers
Council Member	Ron Mussmann
Council Member	Sean Connell
Council Member	Rhonda Kearns
Council Member	Greg Obren

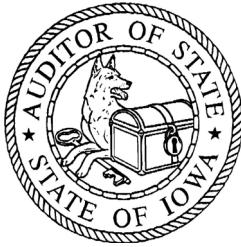
APPOINTED OFFICIALS

City Administrator	Matt Brooke
City Attorney	Lynch Dallas Law Firm
City Clerk	Lisa Frederick
Finance Director	Anita Dalton
Airport Manager	Marlana Nass
Fire Chief	Joel Atkinson
Library Director	Susan Mesecher
Recreation Director	Josh Eggers
Police Chief	Kevin Gyrion
City Engineer	Jason Craft
Building & Neighborhood Services	Vacant



FINANCIAL SECTION

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**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clinton as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability, the Schedules of City Contributions and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 4 through 14 and 65 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 U.S. generally accepted auditing standards, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's basic financial statements. The supplementary information included in the combining nonmajor fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) is presented in the compliance section for purposes of additional analysis and is also not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Other Information Sections on pages i through iv and 90 through 106 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2022 on our consideration of the City of Clinton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Clinton's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 11, 2022

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City of Clinton, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2021

It is an honor to present to you the financial picture of the City of Clinton, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Clinton, Iowa for the year ended June 30, 2021.

Financial Highlights

The assets and deferred outflows of the City of Clinton, Iowa exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$128,548,727 (net position). Of this amount, (\$7,866,505) is unrestricted. Assets and deferred outflows exceeded liabilities and deferred inflows by \$126,512,222 as of June 30, 2020. Of this amount (\$9,315,334) was unrestricted.

For fiscal year 2021, the City's net position increased \$2,036,505. Governmental activities net position increased \$653,094 and business-type activities net position increased \$1,383,411. For fiscal year 2020, the City's net position decreased \$5,136,923.

As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$7,265,723, an increase of \$565,701 in comparison with the prior year. Approximately 49% of this amount, \$3,560,223, is unassigned fund balance which is available for spending at the City's discretion. As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$6,700,022, an increase of \$716,770 in comparison with the prior year. Approximately 17% of this amount, \$1,108,425, is unassigned fund balance.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,244,649, or 23.7% of total General Fund expenditures, compared to \$1,511,551, or 8.8%, as of June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statement comprised three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary and other information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City which are principally supported by taxes (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, community and economic development, debt service and capital projects. The business-type activities of the City include sewer revenue, solid waste collection, transit system, airport operations, dock operations, marina and parking system.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Local Option Sales Tax Fund, Employee Benefits Fund, Tax Increment Financing Fund, Road Use Tax Fund, Capital Projects Fund, and Debt Service Fund which are considered to be major funds. Data from the other six nonmajor 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.

Proprietary funds – The City of Clinton, Iowa maintains two different types of proprietary funds. The City maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and maintains an internal service fund which is used to accumulate and allocate costs internally among the City's various functions.

Enterprise funds serve external customers and are primarily funded through user charges. The City maintains seven enterprise funds. The enterprise fund financial statements provide separate information for the Sewer Fund, Solid Waste Collection Fund and Transit System Fund as these funds are considered to be major funds of the City. The City also maintains the Airport Operations Fund, Dock Operations Fund, Marina Fund and Parking System Fund which are considered to be nonmajor enterprise funds.

The City uses an internal service fund to account for its employee health insurance costs. This activity benefits both governmental and business-type activities, it is allocated to both governmental activities and business-type activities in the government-wide financial statements.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs. The City does not have fiduciary funds.

Notes to basic financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Required Supplementary Information – The required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions for the City's retirement plans, as well as presenting the Schedule of Changes in the City's Total OPEB Liability and Related Ratios.

Supplementary and other information - The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented immediately following the notes to basic financial statements and the required supplementary information. Supplementary information includes the Schedule of Expenditures of Federal Awards. The other information is provided for bond requirements and additional analysis.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. Table 1 reflects total net position of \$128,541,727 at June 30, 2021, which represents an increase of \$2,036,505 from, June 30, 2020.

Table 1 - City of Clinton's Net Position

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020	Business-Type Activities June 30, 2021	Business-Type Activities June 30, 2020	Total June 30, 2021	Total June 30, 2020
Current and other assets	\$ 31,515,251	\$ 29,936,930	\$ 10,437,411	\$ 9,540,370	\$ 41,952,662	\$ 39,477,300
Capital assets	122,879,743	118,290,524	140,065,701	138,670,391	262,945,444	256,960,915
Total assets	154,394,994	148,227,454	150,503,112	148,210,761	304,898,106	296,438,215
Deferred outflows of resources	5,790,464	4,587,029	647,995	616,356	6,438,459	5,203,385
Noncurrent liabilities	81,046,527	75,833,597	69,869,773	69,259,756	150,916,300	145,093,353
Other liabilities	8,882,161	7,988,334	4,965,899	4,492,275	13,848,060	12,480,609
Total liabilities	89,928,688	83,821,931	74,835,672	73,752,031	164,764,360	157,573,962
Deferred inflows of resources	17,866,154	17,255,030	157,324	300,386	18,023,478	17,555,416
Net position:						
Net investment in capital assets	62,140,460	61,014,992	69,526,239	68,807,832	131,666,699	129,822,824
Restricted	4,410,182	5,688,785	338,351	315,947	4,748,533	6,004,732
Unrestricted	(14,160,026)	(14,966,255)	6,293,521	5,650,921	(7,866,505)	(9,315,334)
Total net position	\$ 52,390,616	\$ 51,737,522	\$ 76,158,111	\$ 74,774,700	\$ 128,548,727	\$ 126,512,222

City of Clinton, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2021

Of the City's net position, 102.4% reflects its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, infrastructure, machinery and equipment) less accumulated depreciation and any outstanding debt used to acquire those assets. As of June 30, 2020, the City's net investment in capital assets was 102.6% of total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position is 3.7% of total net position as of June 30, 2021 and was 4.7% of total net position as of June 30, 2020. Restricted net position represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position was (\$7,866,505) as of June 30, 2021 and (\$9,315,334) as of June 30, 2020.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2021. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Table 2 - City of Clinton's Changes in Net Position

	Governmental Activities		Governmental Activities		Business-Type Activities		Business-Type Activities		Total 2021	Total 2020
	2021	2020	2021	2020	2021	2020	2021	2020		
Revenues:										
Program revenues:										
Charges for service	\$ 7,848,331	\$ 3,604,340	\$ 12,153,932	\$ 11,706,701	\$ 20,002,263	\$ 15,311,041				
Operating grants and contributions	6,591,975	4,202,871	3,049,011	1,160,300	9,640,986	5,363,171				
Capital grants and contributions	1,082,679	1,135,314	418,622	141,761	1,501,301	1,277,075				
General revenues:										
Property tax	13,848,012	15,164,718	-	-	13,848,012	15,164,718				
Hotel/motel tax	414,186	387,624	-	-	414,186	387,624				
Local option sales tax	4,034,270	3,823,600	-	-	4,034,270	3,823,600				
Tax increment financing	1,238,797	1,582,710	-	-	1,238,797	1,582,710				
Gaming tax	231,142	307,158	-	-	231,142	307,158				
Other tax	1,604,265	1,496,880	-	-	1,604,265	1,496,880				
Commercial/industrial tax replacement	584,857	743,625	-	-	584,857	743,625				
Investment earnings	81,771	30,212	33,429	7,853	115,200	38,065				
Other	649,931	386,025	13,380	697	663,311	386,722				
Total revenues	38,210,216	32,865,077	15,668,374	13,017,312	53,878,590	45,882,389				
Expenses:										
Public safety	14,583,643	13,858,411	-	-	14,583,643	13,858,411				
Public works	9,057,886	9,383,905	-	-	9,057,886	9,383,905				
Health and social services	1,002,869	-	-	-	1,002,869	-				
Culture and recreation	4,057,313	4,150,873	-	-	4,057,313	4,150,873				
Community and economic development	2,997,436	3,658,012	-	-	2,997,436	3,658,012				
General government	2,382,879	2,092,324	-	-	2,382,879	2,092,324				
Interest on long-term debt	1,809,141	1,808,323	-	-	1,809,141	1,808,323				
Sewer	-	-	10,929,241	10,995,790	10,929,241	10,995,790				
Solid waste	-	-	1,409,790	1,325,060	1,409,790	1,325,060				
Transit	-	-	2,090,582	2,118,549	2,090,582	2,118,549				
Airport operations	-	-	910,530	937,631	910,530	937,631				
Dock operations	-	-	453	-	453	-				
Marina	-	-	610,322	690,434	610,322	690,434				
Total expenses	35,891,167	34,951,848	15,950,918	16,067,464	51,842,085	51,019,312				
Excess (deficiency) before transfers	2,319,049	(2,086,771)	(282,544)	(3,050,152)	2,036,505	(5,136,923)				
Transfers	(1,665,955)	(774,191)	1,665,955	774,191	-	-				
Change in net position	653,094	(2,860,962)	1,383,411	(2,275,961)	2,036,505	(5,136,923)				
Net position, beginning	51,737,522	54,598,484	74,774,700	77,050,661	126,512,222	131,649,145				
Net position, ending	\$ 52,390,616	\$ 51,737,522	\$ 76,158,111	\$ 74,774,700	\$ 128,548,727	\$ 126,512,222				

The City's total net position increased \$2,036,505 during the year ended June 30, 2021. The governmental activities net position increased \$653,094 due to increases in charges for services. The large increase in charges for services is primarily due to a new utility franchise fee. The business-type activities net position increased \$1,383,411 due to increased operating grants and contributions due to federal funding received for COVID-19.

City of Clinton, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2021

Table 3 below discloses cost of services for governmental activities.

The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Governmental Activities

Programs	Total Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2021	Net Cost of Services 2020
Public safety	\$ 14,583,643	\$ 13,858,411	\$ 11,612,536	\$ 11,478,999
Public works	9,057,886	9,383,905	3,761,578	4,575,755
Health and social services	1,002,869	-	88,558	-
Culture and recreation	4,057,313	4,150,873	3,429,417	3,666,922
Community and economic development	2,997,436	3,658,012	2,376,500	3,652,862
General government	2,382,879	2,092,324	(2,709,548)	826,462
Interest on long-term debt	1,809,141	1,808,323	1,809,141	1,808,323
Total	\$ 35,891,167	\$ 34,951,848	\$ 20,368,182	\$ 26,009,323

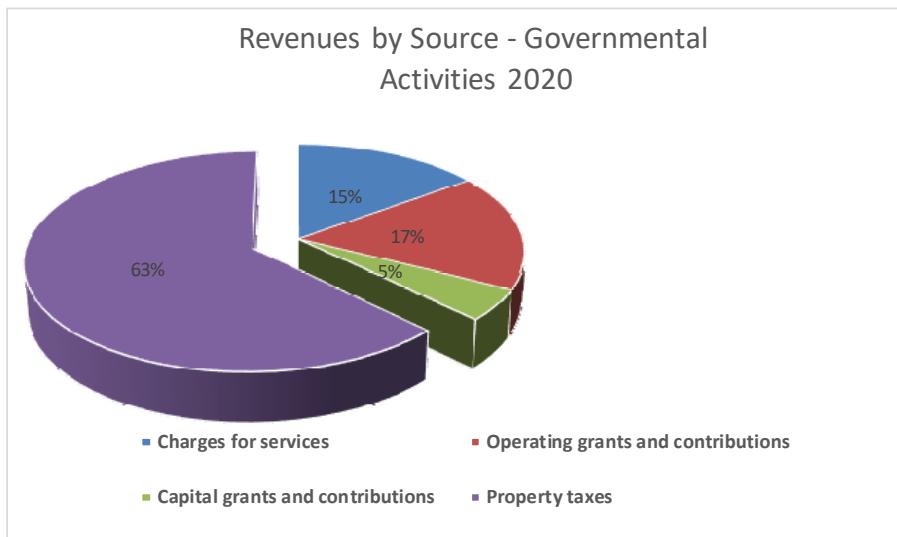
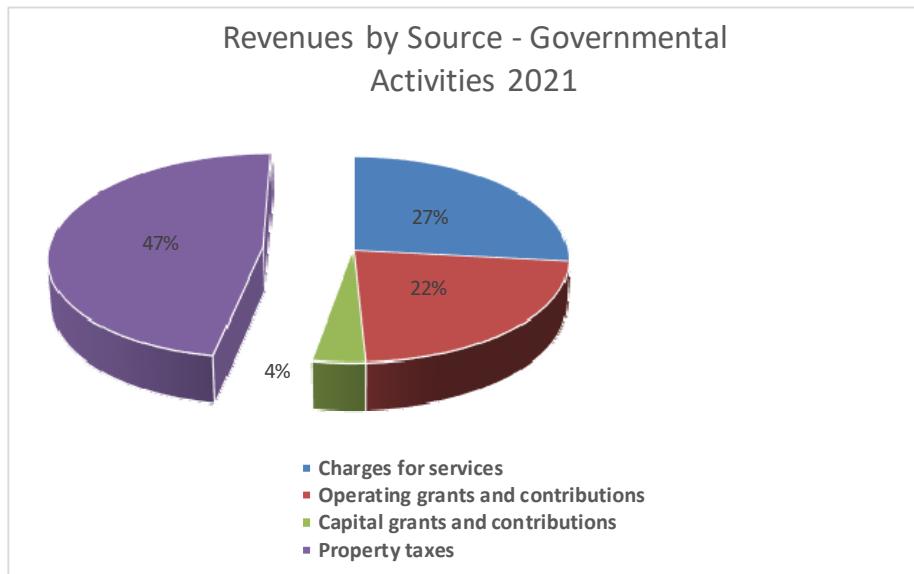
Net cost of services is 56.7 of total cost of services for the year ended June 30, 2021 and 74.4% for the year ended June 30, 2020. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Governmental Activities

The graphs below show the percentage of the total governmental activities program and property tax revenues allocated by each significant revenue type for 2021 and 2020.



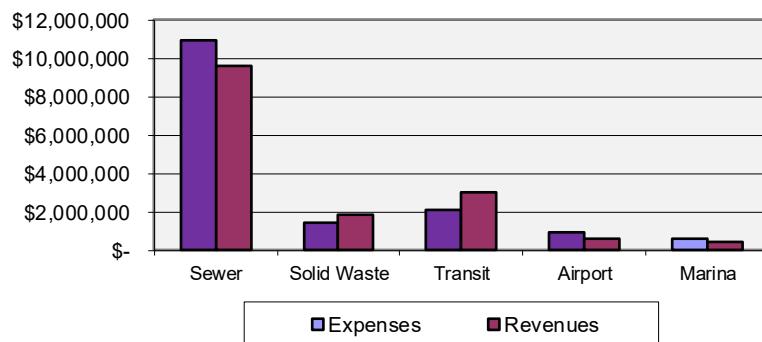
City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

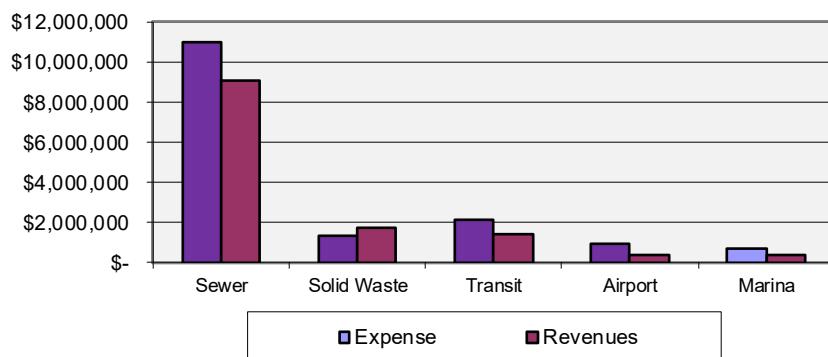
Business-type activities: For the year ended June 30, 2021, the business-type activities increased the City's net position by \$1,383,411. For the year ended June 30, 2020, the business-type activities decreased the City's net position (\$2,275,961).

Total business-type activities revenue for the fiscal year ended June 30, 2021 was \$15,668,374. All but \$46,809 of this revenue was generated for specific business-type activity expenses. For the fiscal year ended June 30, 2020, total business-type activities revenue was \$13,017,312, all but \$8,550 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenses and program revenues for fiscal years 2021 and 2020.

**Expenses and Program Revenues - Business-Type Activities
2021**



**Expenses and Program Revenues - Business-Type Activities
2020**



City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Financial Analysis of the City's Funds

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

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City itself or a group or individual which has been delegated authority to assign resources for use for particular purposes by the City Council.

As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$7,265,723, an increase of \$565,701 over June 30, 2020. The City's unassigned fund balance was \$3,560,223 as of June 30, 2021 compared to \$1,108,425 as of June 30, 2020. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate it is 1) not in spendable form- \$71,045 2) legally required to be maintained intact or restricted for particular purposes or by third parties - \$3,634,455 or 3) committed or assigned for particular purposes - \$0.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,244,649. Total fund balance of the General Fund increased \$2,753,116 from \$1,555,578 at June 30, 2020 to \$4,308,694 at June 30, 2021. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 23.7% of total General Fund expenditures compared to approximately 8.8% in the prior year, while total fund balance represents approximately 24.1% of General fund expenditures compared to approximately 9.0% in the prior year.

The General Fund's largest revenue source is taxes, which consists of property tax, utility replacement excise tax, hotel/motel tax and other taxes. These sources contribute approximately 51.8% of revenue used to fund the general purposes of the City, including police, streets and parks. These revenue sources have a direct correlation with the health of the economy. Another 11.0% of the City's General Fund revenues were derived from charges for service.

The fund balance of the City's General Fund increased \$2,753,116, or 177% during the current fiscal year. This was primarily due to proceeds of \$919,424 for the sale of capital assets, and the increase in ambulance charges for services.

The Special Revenue, Local Option Sales Tax Fund accounts for the local option sales tax. Fund balance increased \$292,243 from \$45,349 at June 30, 2020 to \$337,592 at June 30, 2021. This was related to increased local option sales tax collected during the year.

The Special Revenue, Employee Benefits Fund accounts for the property tax levied specifically to fund the City's required contribution to the state retirement systems. Fund balance increased \$707,250 from (\$403,126) at June 30, 2020 to \$304,124 at June 30, 2021, due to increased taxes collected during the year.

The Special Revenue, Tax Increment Financing Fund accounts for property tax for urban renewal. Fund balance decreased (\$224,612) from \$823,345 at June 30, 2020 to \$598,733 at June 30, 2021 due to a decrease in TIF collections during the year.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

The Special Revenue, Road Use Tax Fund accounts for taxes for road and street improvements. Fund balance increased \$635,423 from \$583,124 at June 30, 2020 to \$1,218,547 at June 30, 2021. The increase was due to increased road use tax collections during the year.

The Capital Projects Fund fund balance decreased (\$3,690,530) to (\$684,426) during fiscal year 2021 from \$3,006,104 at June 30, 2020. This decrease was due to the planned spending on capital projects.

The Debt Service Fund fund balance decreased (\$40,243) from \$407,642 at June 30, 2020 to \$367,399 at June 30, 2021. The Debt Service Fund continues to service debt as it comes due.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Sewer Fund had a change in net position of (\$99,265) primarily due to maintaining charges for services and relatively stable costs. The Solid Waste Collection Fund had a change in net position of \$406,141 primarily due to maintaining charges for services and relatively stable costs. Charges for service in the Sewer Fund, Transit System Fund, Airport Operations Fund, and Marina Fund are not adequate to meet operating expenses. These funds have net operating losses for the fiscal year. The Transit Fund had a change in net position of \$1,348,706 primarily due to increased transit grant funding.

Budgetary Highlights

Formal and legal budgetary control is based on classes of disbursements known as functions, not by fund or fund type.

During the year, one budget amendment increased budgeted expenditures by \$5,338,472. The budget amendment was made to adjust revenues and expenditures for capital projects and grant revenues and health and social services expenditures and related grant revenues.

During the year, expenditures were less than budgeted except for the public works, culture and recreation, community and economic development, general government, debt service, and capital outlay functions which were over budget by \$52,094, \$118,467, \$241,066, \$323,876, \$47,004, and \$2,744,832 respectively.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$262,945,444 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure. Major capital asset events during the year included completion of various street improvements as well as water pollution control infrastructure, a bus, fire station remodel and trail improvements.

City of Clinton's Capital Assets Net of Depreciation

	Governmental Activities		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 23,563,047	\$ 23,311,632	\$ 3,654,071	\$ 3,654,071	\$ 27,217,118	\$ 26,965,703
Construction-in-progress	7,237,884	1,706,635	2,404,687	7,223,229	9,642,571	8,929,864
Intangible assets	57,801	72,880	-	-	57,801	72,880
Machinery and equipment	3,834,552	4,734,734	3,090,093	2,442,861	6,924,645	7,177,595
Land Improvements	4,037,080	3,202,802	486,325	526,331	4,523,405	3,729,133
Buildings	10,039,994	9,548,827	9,485,801	9,903,856	19,525,795	19,452,683
Infrastructure	74,109,385	75,713,014	120,944,724	114,920,043	195,054,109	190,633,057
Total	\$ 122,879,743	\$ 118,290,524	\$ 140,065,701	\$ 138,670,391	\$ 262,945,444	\$ 256,960,915

Additional information on the City's capital assets can be found in Note 3 of this report.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

Debt - As of June 30, 2021, the City had general obligation loan notes and general obligation bonds payable totaling \$58,995,000 compared to \$56,625,000 as of June 30, 2020. For the year ended June 30, 2021, the City paid \$4,750,000, in principal and \$1,948,470 in interest on outstanding general obligation debt. As of June 30, 2021, the City had \$70,241,000 in sewer revenue notes. The City paid \$3,070,000 in principal and \$1,390,592 in interest.

Table 5 - City of Clinton's Outstanding Debt, June 30

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds and notes	\$ 58,995,000	\$ 56,625,000	\$ -	\$ -	\$ 58,995,000	\$ 56,625,000
Sewer revenue notes	-	-	70,241,000	69,472,000	70,241,000	69,472,000
Capital lease	-	-	298,462	390,559	298,462	390,559
Due to other government	5,252,591	5,252,591	-	-	5,252,591	5,252,591
Total	\$ 64,247,591	\$ 61,877,591	\$ 70,539,462	\$ 69,862,559	\$ 134,787,053	\$ 131,740,150

Additional information about the City's long-term debt can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values have decreased with tax year 2021 to \$1,391,355,363 from \$1,414,489,947 in 2020.
- The unemployment rate for Clinton County for June 2021 was 5.8% compared to 4.0% for the State of Iowa and 5.9% nationally.
- The General Fund is significantly funded by property taxes. Therefore, the City continues to encourage new development that supports these revenue sources.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Anita Dalton, Finance Director, City of Clinton, Iowa, 611 South 3rd Street, Clinton, Iowa 52733-2958.

City of Clinton, Iowa

Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 10,114,174	\$ 3,935,349	\$ 14,049,523
Receivables:			
Property tax:			
Delinquent	581,907	-	581,907
Succeeding year	14,728,838	-	14,728,838
Tax increment financing:			
Delinquent	163,067	-	163,067
Succeeding year	2,563,089	-	2,563,089
Special assessments	297,427	230,231	527,658
Loan receivable	-	3,471,348	3,471,348
Other taxes	143,648	-	143,648
Accounts, net of allowances for uncollectibles of \$900,382	336,851	1,917,989	2,254,840
Other	1,672,352	21,351	1,693,703
Intergovernmental	1,351,778	322,416	1,674,194
Prepaid items	99,347	1,500	100,847
Internal balances	(537,227)	537,227	-
Total current assets	31,515,251	10,437,411	41,952,662
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	23,563,047	3,654,071	27,217,118
Construction-in-progress	7,237,884	2,404,687	9,642,571
Depreciable:			
Machinery and equipment	19,455,503	13,817,789	33,273,292
Land improvements	7,352,501	1,120,027	8,472,528
Buildings	22,678,522	25,139,890	47,818,412
Intangibles	268,976	56,357	325,333
Infrastructure	167,930,956	214,683,374	382,614,330
Less accumulated depreciation	(125,607,646)	(120,810,494)	(246,418,140)
Total capital assets	122,879,743	140,065,701	262,945,444
Total assets	154,394,994	150,503,112	304,898,106
Deferred Outflows of Resources:			
OPEB related deferred outflows	206,362	54,346	260,708
Pension related deferred outflows	5,584,102	593,649	6,177,751
Total deferred outflows of resources	5,790,464	647,995	6,438,459

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current liabilities:			
Accounts payable	2,275,605	1,206,965	3,482,570
Salaries payable	447,244	-	447,244
Contracts payable	239,283	132,839	372,122
Claims payable	442,106	-	442,106
Accrued interest payable	152,891	100,959	253,850
Compensated absences	688,182	104,028	792,210
Current portion of capital lease	-	87,108	87,108
Current portion of early retirement	57,000	15,000	72,000
Current portion of bonds and notes	4,485,000	3,319,000	7,804,000
Bond deposit liability	94,850	-	94,850
Total current liabilities	8,882,161	4,965,899	13,848,060
Noncurrent liabilities:			
Total OPEB liability	1,645,027	433,222	2,078,249
Net pension liability	17,894,626	2,303,197	20,197,823
Due to other government	5,252,591	-	5,252,591
General obligation notes and bonds, net	56,254,283	-	56,254,283
Capital lease	-	211,354	211,354
Sewer revenue notes	-	66,922,000	66,922,000
Total noncurrent liabilities	81,046,527	69,869,773	150,916,300
Total liabilities	89,928,688	74,835,672	164,764,360
Deferred inflows of resources:			
Succeeding year property tax	14,728,838	-	14,728,838
Tax increment financing	2,563,089	-	2,563,089
Pension related deferred inflows	573,385	157,110	730,495
OPEB related deferred inflows	842	214	1,056
Total deferred inflows of resources	17,866,154	157,324	18,023,478
Net Position:			
Net investment in capital assets	62,140,460	69,526,239	131,666,699
Restricted for:			
Nonexpendable endowment corpus	7,000	-	7,000
Streets	1,218,547	-	1,218,547
Capital improvements	388,652	338,351	727,003
Community programs and services	1,330,515	-	1,330,515
Employee benefits	423,220	-	423,220
Other purposes	32,491	-	32,491
Debt service	1,009,757	-	1,009,757
Unrestricted	(14,160,026)	6,293,521	(7,866,505)
Total net position	\$ 52,390,616	\$ 76,158,111	\$ 128,548,727

City of Clinton, Iowa

Statement of Activities
Year Ended June 30, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	
Governmental activities:				
Public safety	\$ 14,583,643	2,130,978	\$ 840,129	
Public works	9,057,886	118,744	4,094,885	
Health and social services	1,002,869	-	914,311	
Culture and recreation	4,057,313	502,869	125,027	
Community and economic development	2,997,436	3,729	617,207	
General government	2,382,879	5,092,011	416	
Interest and fiscal charges on long-term debt	1,809,141	-	-	
Total governmental activities	35,891,167	7,848,331	6,591,975	
Business-type activities:				
Sewer	10,929,241	9,277,746	318,201	
Solid waste collection	1,409,790	1,881,424	-	
Transit system	2,090,582	325,506	2,730,810	
Airport operations	910,530	247,105	-	
Dock operations	453	-	-	
Marina	610,322	422,151	-	
Total business-type activities	15,950,918	12,153,932	3,049,011	
Total	\$ 51,842,085	\$ 20,002,263	\$ 9,640,986	

General Revenues

Taxes:

- Property taxes
- Hotel/motel tax
- Local option sales tax
- Tax increment financing
- Gaming tax
- Other tax
- Commercial/industrial tax replacement

Investment earnings

Miscellaneous

Gain on capital asset

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Total
	Governmental Activities	Business-Type Activities		
\$ -	\$ (11,612,536)	\$ -	\$ (11,612,536)	
1,082,679	(3,761,578)	-	(3,761,578)	
-	(88,558)	-	(88,558)	
-	(3,429,417)	-	(3,429,417)	
-	(2,376,500)	-	(2,376,500)	
-	2,709,548	-	2,709,548	
-	(1,809,141)	-	(1,809,141)	
<u>1,082,679</u>	<u>(20,368,182)</u>	<u>-</u>	<u>(20,368,182)</u>	
-	-	(1,333,294)	(1,333,294)	
-	-	471,634	471,634	
-	-	965,734	965,734	
375,188	-	(288,237)	(288,237)	
-	-	(453)	(453)	
43,434	-	(144,737)	(144,737)	
<u>418,622</u>	<u>-</u>	<u>(329,353)</u>	<u>(329,353)</u>	
<u>\$ 1,501,301</u>	<u>(20,368,182)</u>	<u>(329,353)</u>	<u>(20,697,535)</u>	
13,848,012	-	13,848,012		
414,186	-	414,186		
4,034,270	-	4,034,270		
1,238,797	-	1,238,797		
231,142	-	231,142		
1,604,265	-	1,604,265		
584,857	-	584,857		
81,771	33,429	115,200		
212,728	-	212,728		
437,203	13,380	450,583		
(1,665,955)	1,665,955	-		
<u>21,021,276</u>	<u>1,712,764</u>	<u>22,734,040</u>		
653,094	1,383,411	2,036,505		
51,737,522	74,774,700	126,512,222		
<u>\$ 52,390,616</u>	<u>\$ 76,158,111</u>	<u>\$ 128,548,727</u>		

City of Clinton, Iowa

Balance Sheet
Governmental Funds
June 30, 2021

Assets	General	Special		
		Local Option Sales Tax	Employee Benefits	
Cash, cash equivalents and investments	\$ 3,036,371	\$ 26,389	\$ 249,344	
Receivables:				
Property tax:				
Delinquent	314,874	-	173,876	
Succeeding year	8,328,988	-	4,345,630	
Tax increment financing:				
Delinquent	-	-	-	
Succeeding year	-	-	-	
Other taxes	143,648	-	-	
Accounts, net of allowance \$144,365	336,851	-	-	
Intergovernmental	-	741,221	-	
Special assessments	25,023	-	-	
Other	1,539,658	-	-	
Prepaid items	64,045	-	-	
Advances to other funds	-	-	-	
Total assets	\$ 13,789,458	\$ 767,610	\$ 4,768,850	
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 474,336	\$ -	\$ -	
Salaries payable	437,234	-	-	
Contracts payable	-	-	-	
Total liabilities	911,570	-	-	
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	8,328,988	-	4,345,630	
Tax increment financing	-	-	-	
Special assessments	25,023	-	-	
Local option sales tax	-	430,018	-	
Delinquent taxes	215,183	-	119,096	
Other	-	-	-	
Total deferred inflows of resources	8,569,194	430,018	4,464,726	
Fund balances:				
Nonspendable:				
Prepaid items	64,045	-	-	
Endowment corpus	-	-	-	
Restricted:				
Debt service	-	-	-	
Streets	-	-	-	
Capital improvements	-	168,796	-	
Community programs and services	-	168,796	-	
Employee benefits	-	-	304,124	
Other	-	-	-	
Unassigned	4,244,649	-	-	
Total fund balances	4,308,694	337,592	304,124	
Total liabilities, deferred inflows of resources and fund balances	\$ 13,789,458	\$ 767,610	\$ 4,768,850	

See Notes to Basic Financial Statements.

Revenue						
	Tax Increment Financing	Road Use Tax	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
\$	435,926	\$ 1,013,650	\$ 735,097	\$ 233,301	\$ 742,486	\$ 6,472,564
	-	-	-	77,892	15,265	581,907
	-	-	-	1,705,879	348,341	14,728,838
163,067	-	-	-	-	-	163,067
2,563,089	-	-	-	-	-	2,563,089
-	-	-	-	-	-	143,648
-	-	-	-	-	-	336,851
-	471,893	-	-	-	138,664	1,351,778
-	-	4,847	-	-	267,557	297,427
-	-	-	9,571	-	49,420	1,598,649
-	-	-	-	-	-	64,045
-	-	-	90,000	-	-	90,000
\$ 3,162,082	\$ 1,485,543	\$ 739,944	\$ 2,116,643	\$ 1,561,733	\$ 28,391,863	
\$	-	\$ 262,970	\$ 1,180,240	\$ -	\$ 221,207	\$ 2,138,753
-	-	4,026	-	-	5,984	447,244
-	-	-	239,283	-	-	239,283
-	266,996	-	1,419,523	-	227,191	2,825,280
	-	-	-	1,705,879	348,341	14,728,838
2,563,089	-	-	-	-	-	2,563,089
-	-	4,847	-	-	-	29,870
-	-	-	-	-	-	430,018
260	-	-	43,365	-	6,612	384,516
-	-	-	-	-	164,529	164,529
2,563,349	-	4,847	1,749,244	-	519,482	18,300,860
	-	-	-	-	-	64,045
-	-	-	-	-	7,000	7,000
598,733	-	-	367,399	-	-	966,132
-	1,218,547	-	-	-	-	1,218,547
-	-	-	-	-	-	168,796
-	-	-	-	775,569	-	944,365
-	-	-	-	-	-	304,124
-	-	-	-	32,491	-	32,491
-	-	(684,426)	-	-	-	3,560,223
598,733	1,218,547	(684,426)	367,399	-	815,060	7,265,723
\$ 3,162,082	\$ 1,485,543	\$ 739,944	\$ 2,116,643	\$ 1,561,733	\$ 28,391,863	

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City of Clinton, Iowa**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021**

Total governmental fund balances	\$ 7,265,723
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	\$ 248,487,389
Accumulated depreciation	<u>(125,607,646)</u> 122,879,743
Other long-term assets are not available to pay for current-year expenditures and, therefore, are reported as unavailable in the funds:	
Special assessments	29,870
Local option sales tax	430,018
Delinquent property tax	384,516
Other	<u>164,529</u> 1,008,933
Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds:	
General obligation notes, current	(4,485,000)
General obligation notes, noncurrent	(54,510,000)
Bond premium	(1,744,283)
Bond deposit liability	(94,850)
Accrued interest payable	(152,891)
Compensated absences, current	(688,182)
Early retirement, current	(57,000)
Total OPEB obligation	(1,645,027)
Due to other government	(5,252,591)
Net pension liability	<u>(17,894,626)</u> (86,524,450)
Pension and OPEB related deferred outflows of resources and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Pension related deferred outflows of resources	5,584,102
Pension related deferred inflows of resources	(573,385)
OPEB related deferred outflows of resources	206,362
OPEB related inflows of resources	<u>(842)</u> 5,216,237
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities statement of net position:	
Other current assets	3,750,615
Other current liabilities	(578,958)
Internal Service Fund allocated to business-type activities	<u>(627,227)</u> 2,544,430
Net position of governmental activities	<u>\$ 52,390,616</u>

See Notes to Basic Financial Statements.

City of Clinton, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Governmental Funds
Year Ended June 30, 2021

			Local Option Sales Tax	Employee Benefits	Special
	General				
Revenues:					
Property tax	\$ 7,694,181	\$ -	\$ -	\$ 4,225,824	
Tax increment financing	-	-	-	-	
Other city tax	1,365,471	4,285,873		519,472	
Licenses and permits	4,481,470	-		-	
Use of money and property	378,950	4		-	
Intergovernmental	1,244,023	-		179,502	
Charges for service	1,913,983	-		-	
Miscellaneous	397,978	-		-	
Total revenues	17,476,056	4,285,877		4,924,798	
Expenditures:					
Current:					
Public safety	12,386,912	-		-	
Public works	-	-		-	
Health and social services	-	-		-	
Culture and recreation	3,041,453	-		-	
Community and economic development	726,490	-		-	
General government	1,752,679	-		29,533	
Capital projects	-	-		-	
Debt service:					
Principal	-	-		-	
Interest	-	-		-	
Bond issuance costs	-	-		-	
Total expenditures	17,907,534	-		29,533	
Revenues over (under) expenditures	(431,478)	4,285,877		4,895,265	
Other financing sources (uses):					
Proceeds from long-term debt	-	-		-	
Note premium	-	-		-	
Proceeds from sale of capital assets	919,424	-		-	
Transfers in	5,213,660	-		390,000	
Transfers out	(2,948,490)	(3,993,634)		(4,578,015)	
Total other financing sources (uses)	3,184,594	(3,993,634)		(4,188,015)	
Net change in fund balances	2,753,116	292,243		707,250	
Fund balances, beginning of year	1,555,578	45,349		(403,126)	
Fund balances, ending of year	\$ 4,308,694	\$ 337,592		\$ 304,124	

See Notes to Basic Financial Statements.

Revenue											
Tax Increment Financing	Road Use Tax	Capital Projects		Debt Service		Nonmajor Governmental Funds		Total			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,238,797	-	-	-	1,810,019	-	234,923	-	13,964,947	-	1,238,797	6,535,465
-	-	-	-	-	-	364,649	-	45,505	4,531,750	504,614	8,260,302
4,322	8,657	91,919	13,858	6,904	-	1,655,320	-	297,382	2,211,365	194,523	1,129,666
-	4,094,885	1,021,488	65,084	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	179,188	348,146	9,831	-	-	-	-	-	-	-	-
1,243,119	4,287,505	1,461,553	1,898,792	2,799,206	-	-	-	-	-	38,376,906	-
<hr/>											
1,051,324	-	-	-	-	-	153,327	-	12,540,239	-	3,677,487	3,352,035
-	3,652,082	-	-	-	-	25,405	-	1,002,869	-	1,222,842	3,000,656
-	-	-	-	-	-	310,582	-	-	-	495,999	2,306,794
-	-	28,583	-	-	-	-	-	-	-	-	12,355,605
-	-	12,355,605	-	-	-	-	-	-	-	-	-
-	-	-	4,750,000	-	-	-	-	-	-	4,750,000	-
-	-	-	1,948,470	-	-	-	-	-	-	1,948,470	-
-	-	-	16,185	-	-	-	-	-	-	16,185	-
1,051,324	3,652,082	12,384,188	6,714,655	3,211,024	-	-	-	-	-	44,950,340	-
191,795	635,423	(10,922,635)	(4,815,863)	(411,818)	-	-	-	-	-	(6,573,434)	-
<hr/>											
(416,407)	-	6,714,850	-	500,000	-	7,214,850	-	-	-	280,816	919,424
-	-	280,816	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	506,900	4,775,620	763,925	-	11,650,105	-	(719,053)	(12,926,060)	-	-
(416,407)	-	(270,461)	-	-	-	-	-	-	-	-	-
(416,407)	-	7,232,105	4,775,620	544,872	-	7,139,135	-	-	-	-	-
(224,612)	635,423	(3,690,530)	(40,243)	133,054	-	565,701	-	-	-	-	-
823,345	583,124	3,006,104	407,642	682,006	-	6,700,022	-	-	-	-	-
\$ 598,733	\$ 1,218,547	\$ (684,426)	\$ 367,399	\$ 815,060	-	\$ 7,265,723	-	-	-	-	-

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City of Clinton, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

Year Ended June 30, 2021

Net change in fund balances - governmental funds	\$	565,701
Amounts reported for governmental activities in the statement of activities are different because 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. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:		
Capital outlay		10,800,132
Depreciation:		
Public safety	\$	(783,954)
Public works		(4,818,885)
Culture and recreation		(910,032)
General government		<u>(129,728)</u>
Net gain on disposal of capital assets		6,642,599
		431,686
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Special assessments		(25,152)
Local option sales tax		(251,603)
Delinquent taxes		(116,935)
Other		<u>(210,203)</u>
		603,893
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Pension expense		(3,236,862)
Change in compensated absences		42,791
Change in other postemployment benefits obligation		49,410
Change in early retirement payable		<u>108,000</u>
		3,036,661
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of certain activities of the Internal Service Fund is reported with governmental activities		(31,883)
Change in Internal Service Fund allocation to business-type activities		37,344
The current year City employer share of IPERS and MFPRS1 contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the statement of net position.		1,723,419
The issuance of long-term debt (e.g. bonds, loan, 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. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Issuance of long-term debt		(7,214,850)
Bond premium amortization		(60,990)
Repayment of bonds and notes principal		4,750,000
Accrued interest payable		<u>(64,312)</u>
		2,590,152
Change in net position of governmental activities	\$	<u>653,094</u>

See Notes to Basic Financial Statements.

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City of Clinton, Iowa

Statement of Net Position

Proprietary Funds

June 30, 2021

Assets	Enterprise				Total Enterprise Funds	Internal Service Health Insurance
	Sewer	Solid Waste Collection	Transit	Nonmajor Enterprise		
Current assets:						
Cash and cash equivalents	\$ 440,829	\$ 1,380,441	\$ 1,343,099	\$ 770,980	\$ 3,935,349	\$ 3,641,610
Receivables, net of allowance for uncollectible amounts of \$756,017:						
Service fees	1,497,270	420,719	-	-	1,917,989	-
Special assessments	198,296	31,935	-	-	230,231	-
Loan receivable	3,471,348	-	-	-	3,471,348	-
Other	-	282	683	20,386	21,351	73,703
Intergovernmental	-	-	322,416	-	322,416	-
Prepays	-	-	1,500	-	1,500	35,302
Total current assets	5,607,743	1,833,377	1,667,698	791,366	9,900,184	3,750,615
Noncurrent assets:						
Capital assets:						
Nondepreciable:						
Land	2,377,526	-	84,600	1,191,945	3,654,071	-
Construction-in-progress	2,342,237	-	-	62,450	2,404,687	-
Depreciable:						
Machinery and equipment	5,754,252	2,120,125	5,505,294	438,118	13,817,789	-
Land improvements	519,058	36,000	-	564,969	1,120,027	-
Buildings	18,752,048	145,695	2,152,608	4,089,539	25,139,890	-
Intangibles	35,756	-	8,200	12,401	56,357	-
Infrastructure	184,059,876	-	15,800	30,607,698	214,683,374	-
Accumulated depreciation	(91,673,765)	(1,439,333)	(5,829,277)	(21,868,119)	(120,810,494)	-
Total noncurrent assets	122,166,988	862,487	1,937,225	15,099,001	140,065,701	-
Total assets	127,774,731	2,695,864	3,604,923	15,890,367	149,965,885	3,750,615
Deferred outflows of resources:						
OPEB related deferred outflows	26,603	7,793	18,166	1,784	54,346	-
Pension related deferred outflows	252,154	106,948	213,355	21,192	593,649	-
Total deferred outflows of resources	278,757	114,741	231,521	22,976	647,995	-
Liabilities and Net Position						
Current liabilities:						
Accounts payable	905,189	43,472	200,990	57,314	1,206,965	136,852
Contracts payable	132,839	-	-	-	132,839	-
Early retirement payable	-	-	15,000	-	15,000	-
Accrued interest payable	100,959	-	-	-	100,959	-
Compensated absences	41,397	12,603	46,263	3,765	104,028	-
Claims payable	-	-	-	-	-	442,106
Capital lease	87,108	-	-	-	87,108	-
Notes payable	3,319,000	-	-	-	3,319,000	-
Total current liabilities	4,586,492	56,075	262,253	61,079	4,965,899	578,958
Noncurrent liabilities:						
Total OPEB liability	212,067	62,126	144,808	14,221	433,222	-
Notes payable	66,922,000	-	-	-	66,922,000	-
Capital lease	211,354	-	-	-	211,354	-
Net pension liability	956,400	358,436	891,635	96,726	2,303,197	-
Advances from other funds	-	-	-	90,000	90,000	-
Total noncurrent liabilities	68,301,821	420,562	1,036,443	200,947	69,959,773	-
Total liabilities	72,888,313	476,637	1,298,696	262,026	74,925,672	578,958
Deferred inflows of resources:						
OPEB related deferred inflows	108	32	74	-	214	-
Pension related deferred inflows	65,244	27,576	57,898	6,392	157,110	-
Total deferred inflows of resources	65,352	27,608	57,972	6,392	157,324	-
Net position:						
Net investment in capital assets	51,627,526	862,487	1,937,225	15,099,001	69,526,239	-
Restricted for capital improvements	338,351	-	-	-	338,351	-
Unrestricted	3,133,946	1,443,873	542,551	545,924	5,666,294	3,171,657
Total net position	\$ 55,099,823	\$ 2,306,360	\$ 2,479,776	\$ 15,644,925	\$ 75,530,884	\$ 3,171,657

See Notes to Basic Financial Statements.

City of Clinton, Iowa

**Reconciliation of Enterprise Funds Net Position
to the Statement of Net Position
June 30, 2021**

Total enterprise funds net position	\$ 75,530,884
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Amounts reported for enterprise funds in the statement of net position are different because:

The Internal Service Fund is used by management to charge the costs of certain services to individual funds. The assets and liabilities of certain activities of the Internal Service Fund are reported with business-type activities in the statement of net position.

627,227

Net position of business-type activities	\$ 76,158,111
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See Notes to Basic Financial Statements.

City of Clinton, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021

	Enterprise				Total Enterprise Funds	Internal Service	
	Sewer	Solid Waste Collection	Transit	Nonmajor Enterprise		Health Insurance	
Operating revenues:							
Charges for service	\$ 9,000,995	\$ 1,878,206	\$ 255,164	\$ 260,240	\$ 11,394,605	\$ 3,602,423	
Property rental	-	-	-	361,151	361,151	-	
Miscellaneous	276,751	3,218	70,342	47,865	398,176	147,244	
Total operating revenues	9,277,746	1,881,424	325,506	669,256	12,153,932	3,749,667	
Operating expenses:							
Personal services	1,720,023	575,134	1,495,945	164,107	3,955,209	-	
Commodities	-	154,852	237,273	218,116	610,241	-	
Contractual services	1,014,912	150,998	102,404	106,125	1,374,439	3,426,081	
Repairs, maintenance and utilities	1,051,633	370,916	50,305	77,313	1,550,167	-	
Miscellaneous	245,296	-	-	-	245,296	-	
Depreciation	5,488,517	152,526	192,169	954,418	6,787,630	-	
Total operating expenses	9,520,381	1,404,426	2,078,096	1,520,079	14,522,982	3,426,081	
Operating income (loss)	(242,635)	476,998	(1,752,590)	(850,823)	(2,369,050)	323,586	
Nonoperating revenues (expenses):							
Investment earnings	4,885	13,451	15,093	-	33,429	34,531	
Gain on disposal of capital assets	3,901	692	5,587	3,200	13,380	-	
Miscellaneous	-	-	-	-	-	-	
Interest expense and fiscal charges	(1,390,592)	-	-	-	(1,390,592)	-	
Intergovernmental	318,201	-	2,730,810	375,188	3,424,199	-	
Net nonoperating revenues (expenses)	(1,063,605)	14,143	2,751,490	378,388	2,080,416	34,531	
Income (loss) before capital contributions and transfers	(1,306,240)	491,141	998,900	(472,435)	(288,634)	358,117	
Capital contributions	-	-	-	43,434	43,434	-	
Transfers in	1,206,975	-	349,806	269,389	1,826,170	-	
Transfers out	-	(85,000)	-	(75,215)	(160,215)	(390,000)	
Change in net position	(99,265)	406,141	1,348,706	(234,827)	1,420,755	(31,883)	
Total net position, beginning of year	55,199,088	1,900,219	1,131,070	15,879,752	74,110,129	3,203,540	
Total net position, end of year	\$ 55,099,823	\$ 2,306,360	\$ 2,479,776	\$ 15,644,925	\$ 75,530,884	\$ 3,171,657	

See Notes to Basic Financial Statements.

City of Clinton, Iowa

**Reconciliation of the Change in Net Position of
Enterprise Funds to the Statement of Activities
Year Ended June 30, 2021**

Net changes in net position in enterprise funds \$ 1,420,755

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

The Internal Service Fund is used by management to charge the costs
of various activities internally to individual funds. The net expense of
certain activities of the Internal Service Funds is reported with
business-type activities in the statement of activities.

(37,344)

Change in net position of business-type activities \$ 1,383,411

See Notes to Basic Financial Statements.

City of Clinton, Iowa

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Enterprise				Total Enterprise Funds	Internal Service Health Insurance
	Sewer	Solid Waste Collection	Transit	Nonmajor Enterprise		
Cash flows from operating activities:						
Receipts from customers and users	\$ 8,987,258	\$ 1,892,198	\$ 342,836	\$ 657,901	\$ 11,880,193	\$ 3,675,964
Payments to suppliers	(2,267,073)	(668,169)	(215,696)	(364,579)	(3,515,517)	(3,363,967)
Payments to employees	(1,692,644)	(572,482)	(1,519,990)	(158,303)	(3,943,419)	-
Net cash provided by (used in) operating activities	5,027,541	651,547	(1,392,850)	135,019	4,421,257	311,997
Cash flows from noncapital financing activities:						
Intergovernmental	627,201	-	1,881,232	383,577	2,892,010	-
Due to other funds	-	-	-	53,758	53,758	-
Due from other funds	-	-	-	(53,757)	(53,757)	-
Transfers in	1,206,975	-	349,806	269,389	1,826,170	-
Transfers out	-	(85,000)	-	(75,215)	(160,215)	(390,000)
Net cash provided by (used in) noncapital financing activities	1,834,176	(85,000)	2,231,038	577,752	4,557,966	(390,000)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(6,794,616)	(316,059)	-	(483,279)	(7,593,954)	-
Proceeds from long term debt	4,492,389	-	-	-	4,492,389	-
Payment on debt	(3,162,097)	-	-	-	(3,162,097)	-
Interest and fiscal charges on debt	(1,390,592)	-	-	-	(1,390,592)	-
Net cash (used in) capital and related financing activities	(6,854,916)	(316,059)	-	(483,279)	(7,654,254)	-
Cash flows from investing activities, investment earnings						
	4,885	13,451	-	-	18,336	34,531
Increase in cash and cash equivalents	11,686	263,939	838,188	229,492	1,343,305	(43,472)
Cash and cash equivalents, beginning of year	429,143	1,116,502	504,911	541,488	2,592,044	3,685,082
Cash and cash equivalents, end of year	\$ 440,829	\$ 1,380,441	\$ 1,343,099	\$ 770,980	\$ 3,935,349	\$ 3,641,610

(Continued)

City of Clinton, Iowa

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2021

	Enterprise				Total Enterprise Funds	Internal Service Health Insurance
	Sewer Revenue	Solid Waste Collection	Transit	Nonmajor Enterprise		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (242,635)	\$ 476,998	\$ (1,752,590)	\$ (850,823)	\$ (2,369,050)	\$ 323,586
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	5,488,517	152,526	192,169	954,418	6,787,630	-
Change in assets and liabilities:						
Receivables	(313,716)	11,329	17,330	(11,355)	(296,412)	(73,703)
Special assessments	23,228	(555)	-	-	22,673	-
Prepays	-	-	-	-	-	(922)
Unearned revenue	-	-	-	-	-	-
Accounts payable	229,796	8,597	174,286	36,975	449,654	(18,479)
Contracts payable	(185,028)	-	-	-	(185,028)	-
Compensated absences	(9,999)	(2,494)	(34,597)	(545)	(47,635)	-
Pension liability and related deferrals	32,551	7,796	35,609	6,768	82,724	-
Claims payable	-	-	-	-	-	81,515
Early retirement payable	-	-	(18,000)	-	(18,000)	-
Total OPEB liability	4,827	(2,650)	(7,057)	(419)	(5,299)	-
Net cash provided by (used in) operating activities	\$ 5,027,541	\$ 651,547	\$ (1,392,850)	\$ 135,019	\$ 4,421,257	\$ 311,997
Noncash capital and related financing activities, change in SRF loan receivable and payable	\$ (653,839)	\$ -	\$ -	\$ -	\$ (653,839)	\$ -

See Notes to Basic Financial Statements.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

The City of Clinton, Iowa (City) was incorporated in 1857 and is a political subdivision of the State of Iowa located in Clinton County. It operates under the Home Rule provisions of the Constitution of Iowa and under a Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides sewer and solid waste utilities for its citizens, operates a transit system, marina, airport, and a parking system.

Responsibility for the City's operations is vested with the City's elected officials. Management of the City is appointed by and is accountable to the City Council.

Reporting entity:

The City's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments as prescribed by the Governmental Accounting Standards Board.

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a municipal corporation governed by the City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued and has the right to buy, sell, lease or mortgage property in its own name. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the City to impose its will on that organization or 2) the potential for the organization to provide specific benefits or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly governed organizations: The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions:

City Assessor Conference Board
Clinton County Area Solid Waste Agency
Clinton County Communications Commission
East Central Intergovernmental Association

ECIA Regional Planning Affiliation
911 Technical Oversight Board
Mobile Team Training Unit IV

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Basis of presentation:

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund financial statements: Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column within the governmental and proprietary funds in the financial section of the basic financial statements and are detailed in the supplementary information.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Local Option Sales Tax Fund: A special revenue fund used to account for revenue from the 1% local option tax approved by the voters of the City. This revenue has been restricted to finance major storm sewer projects and provide property tax relief on a 50/50% basis. This fund also pays principal and interest on bonds which were issued to finance storm sewer projects. Additionally, local option sales tax provides property tax relief from certain other debt requirements.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Employee Benefits Fund: A special revenue fund used to account for the funding of employee benefits related to those City employees who are paid through the General Fund. The benefits are funded by property tax levies and public safety funds restricted to be used for City retirement contributions.

Tax Increment Financing Fund: A special revenue fund used to account for the revenues from the tax authorized by ordinance in the urban renewal district and used to pay principal and interest on general obligation and other indebtedness incurred for urban renewal projects.

Road Use Tax Fund: A special revenue fund used to account for the revenues from the state tax restricted for street improvements.

Capital Projects Fund: The Capital Projects Fund is used to account for resources used for the acquisition or construction of major capital improvements and certain capital purchases, with the exception of those that are financed by the enterprise funds.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on the City's general obligation debt, including the tax increment portion of the bonds and general obligation refunding bonds.

The other governmental funds of the City are considered nonmajor. The City's nonmajor special revenue funds are the Leisure/Cultural Programs Fund, Community and Economic Development Fund, Tort Liability Fund and Miscellaneous Fund.

Permanent funds are used to report resources that are legally restricted to the extent only earnings, and not principal, may be used to support programs of the City. The City's nonmajor permanent funds are the Hayes Trust Fund and the Boyd Henningsen Trust Fund.

Proprietary fund types: Proprietary fund types are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Are used to account for those operations financed and operated in a manner similar to private business or where the City has decided the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The following are the City's major enterprise funds:

Sewer Fund: To account for the operation of the municipally owned sewer treatment plant which provides services to the City. Additionally, this fund accounts for plant improvements, various sewer improvement projects, and reserve requirements according to the provisions of the sewer revenue bond ordinance. Services are primarily supported from user fees.

Solid Waste Collection Fund: To account for the operation and maintenance of the City's solid waste collection system. Services are primarily supported from user fees.

Transit System Fund: To account for the operation and maintenance of the City's transit system. Services are primarily supported from user fees and intergovernmental grants.

The other enterprise funds of the City are considered nonmajor and are the Airport Operations Fund, Dock Operations Fund, Marina Fund and Parking System Fund.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Internal Service Fund: Is used to account for services provided by designated departments to other departments of the City. The City's internal service fund, Health Insurance, accounts for the costs related to the City's self-insurance plan which provides health insurance benefits to its employees, City retirees, and two outside agencies. The City Assessor's Office, Clinton Housing Authority, and certain retirees have the ability to participate in the plan, but at their cost.

Measurement focus and basis of accounting:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or matured. Capital asset acquisitions are reported as expenditures in the governmental funds. Issuances of general long-term debt are reported as other financing sources.

Revenues-exchange and nonexchange: Property taxes when levied for, other taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal year are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available.

Nonexchange transactions, in which the City receives value without a direct link to giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which it is budgeted and levied for. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position or fund balance available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are charges to operating activities for employee health insurance benefits. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the internal service fund and enterprise funds include costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Cash, Cash Equivalents and investments: The City maintains a cash and investment pool for all funds. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash, cash equivalents and investments is reported as such within this report.

Investments in the Iowa Public Agency Investment Trust are stated at amortized cost.

Statement of cash flows: For purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash to be cash equivalents as these pooled amounts have the same characteristics of demand deposits.

Property tax receivable: Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at year-end and unpaid taxes. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that fiscal year.

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The 2021 tax levy recorded as taxes receivable was certified in March 2021 based on the 2020 assessed valuations. These taxes are due in two installments, on September 1, 2021 and March 1, 2022 with a 1.5% per month penalty for delinquent payment. Since the 2021 tax levy is budgeted and levied for the 2022 fiscal year, the revenue is a deferred inflow of resources and is reported as unavailable revenue. Revenue has been recognized for those taxes receivable which represent the prior year's delinquent taxes and which are expected to be collected within 60 days after year-end.

Accounts receivable: Accounts receivable are recorded in the enterprise funds at the time the service is billed. Unbilled usage for services used between scheduled billing dates is estimated and recognized as revenue in the period in which the service is provided. These receivables are net of allowance for doubtful accounts.

Intergovernmental receivables: Intergovernmental receivables represent amounts due from the State of Iowa, and various shared revenues, grants and reimbursements from other governments.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Reported prepaid items in the governmental funds are reported as nonspendable fund balance to indicate the balances are not available for appropriation.

Capital assets: Capital assets, including land, construction-in-progress, machinery and equipment, land improvements, buildings, intangibles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and the proprietary fund statement of net position. All land is capitalized. All other capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$25,000 for buildings and improvements and \$50,000 for infrastructure) and an initial useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended June 30, 2021, no interest expense was added to the cost of assets acquired in the business-type activities.

The City's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Depreciation/amortization has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Machinery and equipment	5-20 years
Land improvements	20 years
Buildings and infrastructure	10-75 years
Intangibles	5-15 years

Interfund transactions: Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective funds' operating statements.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance nonspendable amount which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation. However, if the use of the proceeds from the collection of the interfund loan receivable is restricted then they are included in the appropriate restricted fund balance rather than nonspendable fund balance.

Compensated absences: City employees accumulate earned but unused vacation and compensatory time benefits. For proprietary fund types and the government-wide statements, these accumulations are recorded as expenses and liabilities of the appropriate fund and activity in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation leave, which is payable from available resources, is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term obligations: In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column or applicable proprietary fund in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as an expense in the year the costs are incurred. In the governmental fund financial statements, bond premiums are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for unrecognized items not yet charged to pension expense and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and contributions from the City after the measurement date but before the end of the City's reporting period.

In addition to liabilities, the balance sheet and/or statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund financial statements report unavailable revenues from taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. In the City's government-wide financial statements, the succeeding year property taxes and tax increment financing taxes are reported as deferred inflows of resources and will become an inflow in the year for which they are levied.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The City also reports deferred inflows of resources in the Statement of Net Position for the unrecognized items not yet credited to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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 Iowa Public Employees' Retirement System (IPERS) and the Municipal Fire and Police Retirement System (MFPRS) and additions to/deductions from IPERS' and MFPRS's fiduciary net position have been determined on the same basis as they are reported by IPERS and MFPRS. 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.

Total OPEB liability: For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Fund equity: Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include resolutions and ordinances by the City with intent to use them for a specific purpose. Assigned fund balances are amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator and Finance Director by the City Council through the adoption of the budget. Any residual fund balance of the General Fund and a deficit in other funds, if any, is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

Net position: In the proprietary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Budgetary and legal appropriation and amendment policies:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The City exceeded the amended budget in the public works, culture and recreation, community and economic development, general government, capital projects and debt service functions for the year ended June 30, 2021.

Note 2. Deposits and Investments

Authorized deposits and investments: The City is authorized by state statute to invest public funds in interest bearing savings accounts, interest bearing money market accounts, interest bearing checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by the City Council and the Treasurer of the State of Iowa; Iowa Public Agency Investment Trust, prime bankers acceptances that mature within 270 days of purchase; commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the two highest classifications; perfected repurchase agreements; and certain registered investment open-end management investment companies.

Investments are reported at fair value except for the City's investment in the Iowa Public Agency Investment Trust. The Iowa Public Agency Trust is a common law trust established by the Code of Iowa and is administered by an appointed investment management company. The Trust operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Act of 1940, as amended. Accordingly, the Trust qualifies as a 2a7 like pool as is reported at the net asset value per share which approximates fair value.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. The investments in the Iowa Public Agency Trust have a maturity of 1 day.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally statistical rating organization. As of June 30, 2021, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$232,403 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investments in the Iowa Public Agency Investment Trust are unrated.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2021, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

A reconciliation of cash and investments as of June 30, 2021 follows:

Depository accounts		\$ 13,817,120
Iowa Public Agency Investment Trust		232,403
Total		\$ 14,049,523

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	June 30, 2020 Balance	Additions	Deletions	June 30, 2021 Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 23,311,632	\$ 733,636	\$ 482,221	\$ 23,563,047
Construction-in-progress	1,706,635	8,235,474	2,704,225	7,237,884
 Total capital assets not being depreciated/amortized	25,018,267	8,969,110	3,186,446	30,800,931
Capital assets being depreciated/amortized:				
Machinery and equipment	19,194,202	309,093	47,792	19,455,503
Land Improvements	6,281,810	1,070,691	-	7,352,501
Buildings	21,526,884	1,151,638	-	22,678,522
Intangibles	268,976	-	-	268,976
Infrastructure	165,007,707	2,923,249	-	167,930,956
 Total capital assets being depreciated/amortized	212,279,579	5,454,671	47,792	217,686,458
Less accumulated depreciation/amortization for:				
Machinery and equipment	14,459,468	1,203,758	42,275	15,620,951
Land Improvements	3,079,008	236,413	-	3,315,421
Buildings	11,978,057	660,471	-	12,638,528
Intangibles	196,096	15,079	-	211,175
Infrastructure	89,294,693	4,526,878	-	93,821,571
 Total accumulated depreciation/amortization	119,007,322	6,642,599	42,275	125,607,646
Total capital assets being depreciated/amortized, net	93,272,257	(1,187,928)	5,517	92,078,812
Governmental activities capital assets, net	\$ 118,290,524	\$ 7,781,182	\$ 3,191,963	\$ 122,879,743

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	June 30, 2020 Balance	Additions	Deletions	June 30, 2021 Balance
Business-Type Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 3,654,071	\$ -	\$ -	\$ 3,654,071
Construction-in-progress	7,223,229	6,895,691	11,714,233	2,404,687
Total capital assets not being depreciated/amortized	10,877,300	6,895,691	11,714,233	6,058,758
Machinery and equipment	12,598,489	1,232,861	13,561	13,817,789
Land Improvements	1,120,027	-	-	1,120,027
Buildings	25,139,890	-	-	25,139,890
Intangibles	56,357	-	-	56,357
Infrastructure	202,914,753	11,768,621	-	214,683,374
Total capital assets being depreciated/amortized	241,829,516	13,001,482	13,561	254,817,437
Less accumulated depreciation/amortization for:				
Machinery and equipment	10,155,628	585,629	13,561	10,727,696
Land Improvements	593,696	40,006	-	633,702
Buildings	15,236,034	418,055	-	15,654,089
Intangibles	56,357	-	-	56,357
Infrastructure	87,994,710	5,743,940	-	93,738,650
Total accumulated depreciation/amortization	114,036,425	6,787,630	13,561	120,810,494
Total capital assets being depreciated/amortized, net	127,793,091	6,213,852	-	134,006,943
Business-type activities capital assets, net	\$ 138,670,391	\$ 13,109,543	\$ 11,714,233	\$ 140,065,701

Depreciation/amortization expense was charged to the functions of the City as follows:

Governmental Activities:	
Public safety	\$ 783,954
Public works	4,818,885
Culture and recreation	910,032
General government	129,728
Total depreciation/amortization expense, governmental activities	\$ 6,642,599
Business-Type Activities:	
Sewer	\$ 5,488,517
Solid waste collection	152,526
Transit	192,169
Airport operations	602,836
Dock operations	453
Marina	351,129
Total depreciation/amortization expense, business-type activities	\$ 6,787,630

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2021 is as follows:

Governmental Activities	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
General obligation notes	\$ 56,625,000	\$ 7,120,000	\$ 4,750,000	\$ 58,995,000	\$ 4,485,000
Bond premium	1,683,293	280,816	219,826	1,744,283	-
Compensated absences	730,973	786,403	829,194	688,182	688,182
Early retirement	165,000	-	108,000	57,000	57,000
Total OPEB liability	1,686,662	-	41,635	1,645,027	-
Net pension liability	15,174,051	2,720,575	-	17,894,626	-
Due to other government	5,252,591	-	-	5,252,591	-
Total	\$ 81,317,570	\$ 10,907,794	\$ 5,948,655	\$ 86,276,709	\$ 5,230,182
Business-Type Activities	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Sewer revenue notes	\$ 69,472,000	\$ 3,839,000	\$ 3,070,000	\$ 70,241,000	\$ 3,319,000
Capital lease	390,559	-	92,097	298,462	87,108
Compensated absences	151,663	141,159	188,794	104,028	104,028
Early retirement	33,000	-	18,000	15,000	15,000
Total OPEB liability	435,324	-	2,102	433,222	-
Net pension liability	2,048,970	254,227	-	2,303,197	-
Total	\$ 72,531,516	\$ 4,234,386	\$ 3,370,993	\$ 73,394,909	\$ 3,525,136

Governmental activities:

Noncurrent due to other government: Pursuant to a Chapter 28E agreement between the City and Clinton County, the County is participating in the City-managed Lincolnway Railport Project by contributing \$6,000,000 of the series 2010B general obligation bond proceeds to the City to be used solely for the purpose designated in the Clinton County Lincolnway Railport urban renewal area. The City is to repay the County from a portion of the sale of property in the Industrial Park. If the County has not been reimbursed by December 2021, the City will reimburse the County for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2021, \$6,000,000 of bond proceeds had been advanced to the City and repayments of \$747,409 have been made leaving a balance owed to the County at June 30, 2021 of \$5,252,591. As of the date of this report, the City is in default on this debt. The City is working with the County to resolve this matter.

Compensated absences, early retirement and other postemployment benefits: Compensated absences, early retirement and other postemployment benefits attributable to governmental activities are generally liquidated by the General Fund. Compensated absences and other post-employment benefits attributable to business-type activities are generally liquidated by the respective enterprise fund.

Operating leases: The City has an operating lease for occupancy of a building and parking lot for the police department which resulted in rent paid of \$82,163 for the year ended June 30, 2021. The original lease agreement was signed in March 2008 and renewed in March 2020. The term of the current lease is five years with two five-year options at current monthly payments of \$6,951.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

General obligation notes: The City issues capital loan notes to provide funds for the acquisition and construction of major capital facilities and procurement of capital equipment. Capital notes have been issued for general government purposes. Governmental activities general obligation notes outstanding at June 30, 2021 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding
Capital loan note	10/10/12	0.60 - 1.90	3,065,000	520,000
Capital loan note	02/20/13	1.00 - 2.15	4,975,000	1,175,000
Capital loan note	10/23/13	3.00 - 4.00	4,155,000	2,350,000
Capital loan note	10/07/14	2.00 - 3.25	3,225,000	2,050,000
Capital loan note, taxable	05/13/15	2.00 - 3.25	4,050,000	2,950,000
Capital loan note	09/08/15	2.00 - 4.00	5,130,000	4,080,000
Capital loan note, taxable	01/12/16	3.00 - 4.00	3,305,000	2,460,000
Capital loan note	10/25/16	2.00 - 2.50	5,205,000	4,140,000
Capital loan note	03/28/17	2.00 - 3.25	4,110,000	3,165,000
Capital loan note, taxable and local option sales tax	06/27/17	2.25 - 4.00	10,375,000	9,100,000
Capital loan note	08/08/18	3.00 - 5.00	12,310,000	11,265,000
Capital loan note	08/08/19	3.00 - 5.00	9,705,000	8,725,000
Capital loan note	08/11/20	2.00 - 3.00	7,120,000	7,015,000
Total				\$ 58,995,000

Annual debt requirements to maturity for general obligation notes were as follows:

<u>Year ending June 30:</u>	Principal	Interest	Total
2022	\$ 4,485,000	\$ 1,834,687	\$ 6,319,687
2023	4,095,000	1,703,177	5,798,177
2024	3,970,000	1,566,367	5,536,367
2025	4,085,000	1,436,617	5,521,617
2026	3,660,000	1,301,749	4,961,749
2027-2031	19,350,000	4,722,463	24,072,463
2032-2036	13,455,000	2,047,076	15,502,076
2037-2040	5,895,000	333,564	6,228,564
Total	\$ 58,995,000	\$ 14,945,700	\$ 73,940,700

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

Business-type activities: Sewer revenue notes have been issued to provide funds for sewer plant improvements. Notes payable at June 30, 2021 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding
Sewer revenue notes	08/03/06	3.00	\$ 2,478,000	\$ 765,000
Sewer revenue notes	12/13/07	1.75	9,898,000	4,145,000
Sewer revenue notes	07/06/11	3.00	9,797,000	7,241,000
Sewer revenue notes	07/06/11	3.00	4,577,000	3,383,000
Sewer revenue notes	09/15/10	1.75	46,660,000	36,353,000
Sewer revenue notes	11/30/12	1.75	2,179,000	1,305,000
Sewer revenue notes	08/09/13	0.76	7,205,000	4,848,000
Sewer revenue notes	07/19/19	1.75	8,748,000	8,362,000
Sewer revenue notes	05/21/21	1.75	3,839,000	3,839,000
Total				\$ 70,241,000

The City has a capital lease for equipment at the Wastewater Treatment Plant. The lease was signed in October, 2020 for \$416,000. Payments of \$93,165 were made in this fiscal year, including interest. The term of the lease is 5 years at an interest rate of 2.34%. The equipment leased has a historical cost of \$574,652 and a book value of \$442,961 at June 30, 2021. Payment due are as follows:

<u>Year ending June 30:</u>	Principal	Interest	Total
2022	\$ 87,108	\$ 6,056	\$ 93,164
2023	89,170	3,995	93,165
2024	91,279	1,885	93,164
2025	30,905	151	31,056
Total	\$ 298,462	\$ 12,087	\$ 310,549

Annual debt requirements to maturity for the sewer revenue notes were as follows:

<u>Year ending June 30:</u>	Principal	Interest	Total
2022	\$ 3,319,000	\$ 1,234,347	\$ 4,553,347
2023	3,404,000	1,178,513	4,582,513
2024	3,495,000	1,121,127	4,616,127
2025	3,587,000	1,062,046	4,649,046
2026	3,680,000	1,001,295	4,681,295
2027-2031	16,969,000	4,097,719	21,066,719
2032-2036	16,476,000	2,668,878	19,144,878
2037-2041	16,972,000	1,159,545	18,131,545
2042-2046	2,339,000	40,932	2,379,932
Total	\$ 70,241,000	\$ 13,564,402	\$ 83,805,402

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer revenue notes. Proceeds from the notes provided financing for acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the sewer system. The notes are payable solely from sewer customer net revenues and are payable through 2042. Total principal and interest remaining to be paid on the sewer revenue notes and total customer net revenues were \$83,805,402 and \$5,245,882, respectively, and principal and interest payments were \$4,460,592.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- 1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds. All revenue must be initially deposited into the sewer revenue fund.
- 2) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking fund for the purpose of making the note principal and interest payments when due. The amount of monthly deposit required is 1/6 of the next interest payment and 1/12 of the next principal payment.
- 3) All funds remaining in the sewer revenue fund after the payment of all maintenance and operating expenses and required transfers shall be placed in a sewer revenue surplus account. This account is restricted for the purpose of paying for any extraordinary repairs or replacement to the system or for note and interest payments which the other accounts might be unable to make.
- 4) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

During the year ended June 30, 2021, the City was in compliance with the revenue note provisions.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 5. Termination Benefits

In October 2011, the City approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least ten years of full-time service to the City, must have reached the age of fifty-four and be no older than sixty-four and had to retire prior to June 30, 2012. Early retirement benefits are equal to \$1,500 per month beginning on the first of the month following the date of termination and the retiree shall continue to receive such payment on the first of each month until the month in which the retiree becomes eligible for Medicare. At June 30, 2021, the City has obligations to seven participants with a total liability of \$72,000. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$126,000.

Note 6. Interfund Receivables, Payables and Transfers

The following is a schedule of transfers for the year ended June 30, 2021:

<u>Transfer to</u>	<u>Transfer out</u>	
General	<u>Transfer From</u>	
	Special Revenue:	
	Employee Benefits	\$ 4,578,015
	Leisure/Cultural Programs	284,305
	Community and Economic Development	57,941
	Miscellaneous	272,573
	Enterprise:	
	Marina	20,826
		<u>5,213,660</u>
Special Revenue:		
Leisure/Cultural Programs	General	349,864
Community/Economic Development	General	25,406
	Special Revenue:	
	Tax Increment Financing	68,683
		<u>94,089</u>
Tort Liability	General	319,785
Employee Benefits	Enterprise:	
	ISF	390,000
Miscellaneous	General	137
	Special Revenue:	
	Leisure/Cultural	50
		<u>187</u>
Capital Projects	General	54,992
	Special Revenue:	
	Leisure/Cultural	99,713
	TIF	347,724
	Miscellaneous	4,471
		<u>506,900</u>
Debt Service	General	1,787,500
	Special Revenue:	
	Local Option Sales Tax	2,928,200
	Capital Projects	59,920
		<u>4,775,620</u>
Enterprise:		
Sewer	Capital Projects	56,541
	Special Revenue:	
	Local Option Sales Tax	1,065,434
	Enterprise:	
	Solid Waste	85,000
		<u>1,206,975</u>
Transit System	General	349,806
Airport	General	61,000
	Capital Projects	154,000
		<u>215,000</u>
Dock	Enterprise:	
	Marina	54,389
		<u>\$ 13,476,275</u>

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 6. Interfund Receivables, Payables and Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

An interfund advance of \$90,000 is due from the Enterprise, Airport Operations Fund to the Debt Service Fund for partial repayment of bonds issued. The advance will be repaid over the next three years.

Note 7. Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2021 were \$620,733.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 7. Risk Management (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the City's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City has established a Health Insurance Fund for insuring benefits provided to City employees covered dependents, retirees, and two outside agencies which is included in the Internal Service Fund. Health benefits were self-insured up to a specific stop loss amount of \$70,000 and an aggregate stop loss of approximately \$3.5 million for 2021. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. \$442,106 in the Health Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated claims liability does not include any allocated or unallocated claims adjustment expenses.

Changes in reported liabilities for the fiscal year ended June 30, 2021 are summarized as follows:

	2021	2020
Claims payable, beginning of year	\$ 360,591	\$ 348,607
Claims expense	3,028,885	2,415,923
Claims payments	(2,947,370)	(2,403,939)
Claims payable, end of year	<u>\$ 442,106</u>	<u>\$ 360,591</u>

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems

Iowa Public Employees Retirement System (IPERS):

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$545,417.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$4,975,550 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's collective proportion was .0708290%, which was a decrease of 0.005251% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$736,946. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,497	\$ 117,933
Changes of assumptions	255,394	-
Net difference between projected and actual earnings on pension plan investments	279,705	-
Changes in proportion and differences between City contributions and proportionate share of contributions	171,969	226,362
City contributions subsequent to the measurement date	545,417	-
Total	\$ 1,257,982	\$ 344,295

\$545,417 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

City of Clinton, Iowa**Notes to Basic Financial Statements**

Note 8. Pension and Retirement Systems (Continued)

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 Ending June 30,	Amount
2022	\$ 68,304
2023	107,610
2024	87,410
2025	129,438
2026	(24,492)
Total	\$ 368,270

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2020. Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	4.43 %
International Equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	-0.29
Public credit	4.0	2.29
Cash	1.0	-0.78
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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 IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 8,296,310	\$ 4,975,550	\$ 2,191,144

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2021, the City reported payables to IPERS of \$47,278 for legally required City contributions and \$31,502 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

Municipal Fire and Police Retirement System of Iowa (MFPSI):

Plan Description – MFPSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPSI. MFPSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfpsi.org.

MFPSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4 or 5 year DROP period. When electing to participate in DROP, the member signs a contract indicating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2021.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.31% for the year ended June 30, 2021.

The City's contributions to MFPSI for the year ended June 30, 2021 totaled \$1,586,641.

If approved by the state legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPSI for the fiscal year ended June 30, 2021.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$15,222,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to MFPSI relative to the contributions of all MFPSI participating employers. At June 30, 2020, the City's proportion was .01908509%, which was a decrease of .00045595% from its proportion measured as of June 30, 2019.

City of Clinton, Iowa**Notes to Basic Financial Statements****Note 8. Pension and Retirement Systems (Continued)**

For the year ended June 30, 2021, the City recognized pension expense of \$2,827,489. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 418,530	\$ 82,688
Changes of assumptions	377,073	18,161
Net difference between projected and actual earnings on pension plan investments	2,239,377	-
Changes in proportion and differences between City contributions and proportionate share of contributions	298,148	285,351
City contributions subsequent to the measurement date	1,586,641	-
Total	\$ 4,919,769	\$ 386,200

\$1,586,641 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 Ending June 30,	Amount
2022	\$ 634,915
2023	920,021
2024	852,045
2025	544,332
2026	(4,385)
Total	\$ 2,946,928

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary Increases	3.75% to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

The long-term expected rate of return on MFPSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.5%
Small cap	8.1%
International large cap	7.2%
Emerging markets	7.9%
Global infrastructure	7.5%
Private non-core real estate	11.5%
Private credit	6.4%
Private equity	10.8%
Core plus fixed income	4.0%
Private core real estate	7.2%

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 23,348,005	\$ 15,222,273	\$ 8,491,585

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

MFPRSI's Fiduciary Net Position – Detailed information about the MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.MFPRSI.org.

Payables to the MFPRSI – At June 30, 2021, the City reported payables to MFPRSI of \$144,992 for legally required City Contributions and \$49,577 for legally required employee contributions withheld from employee wages which had not yet been remitted to MFPRSI.

Pension Plan Total Information is as follows:

	IPERS			MFPRSI	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Total
Net pension liability	\$ (2,672,353)	\$ (2,303,197)	\$ (4,975,550)	\$ (15,222,273)	\$ (20,197,823)
Deferred outflows of resources related to pensions	664,333	593,649	1,257,982	4,919,769	6,177,751
Deferred inflows of resources related to pensions	(187,185)	(157,110)	(344,295)	(386,200)	(730,495)
Pension expense	409,373	327,573	736,946	2,827,489	3,564,435

Note 9. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description: The City's defined benefit OPEB plan, City of Clinton Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the City. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. The City allows retirees to stay on the plan past age 65 at the group contract rate with Medicare coordination. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical, prescription drug and dental benefits for retirees and their dependents. Retiree health care coverage is available to eligible retirees of any age. Retirees may choose between a traditional PPO plan and a high deductible plan. Eligible retired employees are provided a dental benefit on a fully contributory basis. All employees are required to contribute the full premium in order to continue coverage at retirement.

The full monthly premium rates as of January 1, 2020 for each plan are as shown below:

	Single	Family
Health Insurance	\$ 739	\$ 1,848

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Employees covered by benefit terms: At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	186
	<hr/> 196

Total OPEB Liability

The City's total OPEB liability of \$2,078,249 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	4.00% per annum
Discount rate	2.18% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.00% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index. Mortality rates were based on the Publication G 2010 Mortality Table- General. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period 2010– 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 2,121,986
Changes for the year:	
Service cost	50,911
Interest	53,756
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	53,786
Benefit payments	<u>(202,190)</u>
Net changes	<u>(43,737)</u>
Balance at June 30, 2021	\$ 2,078,249

There were no changes as a result of changes in benefit terms or differences between expected and actual experience. Changes of assumptions or other inputs reflect a change in the discount rate from 2.66% per annum in 2020 to 2.18% per annum in 2021.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	1.18%	2.18%	3.18%
Total OPEB liability	\$ 2,195,533	\$ 2,078,249	\$ 1,968,114

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB liability	5.00%	6.00%	7.00%

For the year ended June 30, 2021, the City recognized OPEB expense of \$147,486. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,366	\$ -
Changes of assumptions or other inputs	168,342	1,056
Net difference between projected and actual investments	-	-
Total	\$ 260,708	\$ 1,056

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 42,818
2023	42,818
2024	42,818
2025	42,818
2026	36,395
Thereafter	51,985
	\$ 259,652

Note 10. Industrial Development Revenue Bonds

From time to time, the City has issued industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The City has issued a total of \$145,305,000 of industrial development revenue bonds.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 11. Commitment and Contingent Liabilities

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has projects related to sewer improvements, asphalt, and various street construction in progress at the end of the year. The total amount of contracts outstanding for these projects is approximately \$18.2 million. As of June 30, 2021, costs of \$9.6 million have been incurred on the projects. The remaining contractual amounts on these projects total approximately \$8.6 million as of June 30, 2021 and will be paid as work on the projects progresses.

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability in the applicable fund.

Note 12. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements: The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements. For the year ended June 30, 2021, the City abated \$383,542 of property tax under the urban renewal and economic development projects.

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statements during the year ended June 30, 2021:

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. This new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectional racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The implementation of the above statements did not have a material impact on the District's Financial Statements.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

As of June 30, 2021, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the City beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022 except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2020-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022. The primary objectives of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

Note 14. Development Agreements

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to different projects. Rebates are to be paid only after certain conditions have been met by each project developer and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$8 million exist, of which approximately \$852,000 is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact the agreements are conditional and the payments are to be funded by future property taxes received on the project. Obligations for one of the agreements is subject to annual appropriation. During the year ended June 30, 2021, the City rebated \$1,051,324 of incremental property tax to developers.

Note 15. COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City of Clinton, remains uncertain. To date, the outbreak has not created a material disruption to the operations of the City of Clinton. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Clinton's operations and finances.

Note 16. Deficit Balance

The Capital Projects Fund had a deficit balance of \$684,426 at June 30, 2021. The City is investigating alternatives to return the fund to a sound financial condition.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 17. Subsequent Events

In July 2021, the City issued \$9,485,000 of general obligation capital loan notes. In June 2021, the City received a good faith deposit of \$94,850. The notes are being used to pay the costs of construction, reconstruction, repairing of any street and streetscape improvements with related utility work, traffic control devices, lighting, sidewalks, improvement of parks, construction, reconstruction and improvements of bridges, culverts, grade crossings, equipping the police department and fire departments, improvements of airport, swimming pool, welcome center and historical center study, acquisition of electric vehicle power stations, improvements to Eriksen Community Center, City Hall, fire station and fire boat house facilities, police storage facilities, improvements to Jurgensen Soccer Complex, Showboat Theater and a new sports complex, and acquisition of conduit, fiber and related public infrastructure improvements.

City of Clinton, Iowa

Required Supplementary Information
Schedule of Changes in the City's Total OPEB
Liability and Related Ratios
For the Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Changes for the year:				
Service cost	\$ 50,911	\$ 45,858	\$ 52,501	\$ 45,897
Interest	53,756	53,299	57,923	57,357
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	120,509	-	-
Changes in assumptions or other inputs	53,786	83,746	23,692	78,971
Benefit payments	(202,190)	(183,593)	(116,901)	(120,449)
Net changes in total OPEB liability	(43,737)	119,819	17,215	61,776
Total OPEB liability - beginning	2,121,986	2,002,167	1,984,952	1,923,176
Total OPEB liability - ending	<u>\$ 2,078,249</u>	<u>\$ 2,121,986</u>	<u>\$ 2,002,167</u>	<u>\$ 1,984,952</u>
Covered employee payroll	\$ 11,781,772	\$ 11,605,661	\$ 11,359,477	\$ 10,828,846
Total OPEB liability as a percentage of covered employee payroll	17.64%	18.28%	17.63%	18.33%

Notes to Schedule:Changes of benefit terms:

There were no changes to the benefit terms.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in
the discount rate. The discount rate in 2017 was 3.13%.

The following are the discount rates used in ea 2.18% 2.66% 2.79% 2.98%

The mortality assumption was chaged from the RP-2014 Combined Annuitant
Mortality Tables for males and females to the PubG.H-2010 Mortality Table - General.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

* The schedule is intended to present information for ten years.
Information prior to 2018 is not available.

City of Clinton, Iowa

Required Supplementary Information
Budgetary Comparison Schedule
Budget and Actual - All Governmental and Enterprise Funds
Year Ended June 30, 2021

	Governmental Fund Types Actual	Enterprise Fund Types Actual	Total Actual
Revenues:			
Taxes	\$ 13,964,947	\$ -	\$ 13,964,947
Tax increment financing	1,238,797	-	1,238,797
Other city tax	6,535,465	-	6,535,465
Licenses and permits	4,531,750	-	4,531,750
Use of money and property	504,614	394,580	899,194
Intergovernmental	8,260,302	3,424,199	11,684,501
Charges for service	2,211,365	11,394,605	13,605,970
Miscellaneous	1,129,666	411,556	1,541,222
Total revenues	38,376,906	15,624,940	54,001,846
Expenditures/expenses:			
Public safety	12,540,239	-	12,540,239
Public works	3,677,487	-	3,677,487
Health and social services	1,002,869	-	1,002,869
Culture and recreation	3,352,035	-	3,352,035
Community and economic development	3,000,656	-	3,000,656
General government	2,306,794	-	2,306,794
Debt service	6,714,655	-	6,714,655
Capital projects	12,355,605	-	12,355,605
Business-type activities	-	15,913,574	15,913,574
Total expenditures/expenses	44,950,340	15,913,574	60,863,914
Excess (deficiency) of revenues over (under) expenditures/expenses	(6,573,434)	(288,634)	(6,862,068)
Other financing sources (uses)			
Proceeds from long term debt	7,214,850	-	7,214,850
Bond premium	280,816	-	280,816
Proceeds from sale of capital assets	919,424	-	919,424
Capital contributions	-	43,434	43,434
Transfers in	11,650,105	1,826,170	13,476,275
Transfers out	(12,926,060)	(160,215)	(13,086,275)
Total other financing sources (uses)	7,139,135	1,709,389	8,848,524
Net change in fund balance/net position	565,701	1,420,755	1,986,456
Balance, beginning of year	6,700,022	74,110,129	80,810,151
Balance, end of year	\$ 7,265,723	\$ 75,530,884	\$ 82,796,607

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 14,106,241	\$ 14,106,241	\$ (141,294)
2,563,090	2,563,090	(1,324,293)
7,857,186	7,857,186	(1,321,721)
701,700	701,700	3,830,050
863,368	863,368	35,826
6,229,975	7,564,853	4,119,648
13,300,968	13,300,968	305,002
478,125	1,046,316	494,906
46,100,653	48,003,722	5,998,124
12,774,418	13,238,088	697,849
3,610,167	3,625,393	(52,094)
-	1,291,072	288,203
3,148,048	3,233,568	(118,467)
2,709,590	2,759,590	(241,066)
1,670,666	1,982,918	(323,876)
6,661,143	6,667,651	(47,004)
6,973,500	9,610,773	(2,744,832)
17,422,652	17,899,603	1,986,029
54,970,184	60,308,656	(555,258)
(8,869,531)	(12,304,934)	5,442,866
9,814,500	9,814,500	(2,599,650)
-	-	280,816
-	-	919,424
-	-	43,434
11,927,892	11,927,892	1,548,383
(11,927,892)	(11,927,892)	(1,158,383)
9,814,500	9,814,500	(965,976)
944,969	(2,490,434)	4,476,890
14,991,743	12,541,179	68,268,972
\$ 15,936,712	\$ 10,050,745	\$ 72,745,862

City of Clinton, Iowa

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

Last Seven Fiscal Years

	2021*	2020*	2019*
City's proportion of the net pension liability	0.0708290%	0.0760800%	0.0725131%
City's proportionate share of the net pension liability	\$ 4,975,550	\$ 4,405,534	\$ 4,588,804
City's covered payroll	\$ 5,621,132	\$ 5,788,976	\$ 5,446,079
City's proportionate share of the net pension liability as a percentage of its covered payroll	88.5%	76.1%	84.3%
Plan fiduciary net pension as a percentage of the total pension liability	82.90%	85.45%	83.62%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of the preceding fiscal year.

Note: The schedule is intended to present information for ten year information prior to 2015 is not available.

See Notes to Required Supplementary Information.

2018*	2017*	2016*	2015*
0.0693639%	0.0706603%	0.0713457%	0.0817562%
\$ 4,620,515	\$ 4,446,878	\$ 3,524,825	\$ 3,242,376
\$ 5,167,833	\$ 5,073,607	\$ 4,887,928	\$ 5,336,473
89.4%	87.6%	72.1%	60.8%
82.21%	81.82%	85.19%	87.61%

City of Clinton, Iowa

Required Supplementary Information

Schedule of City Contributions

Iowa Public Employees' Retirement System

Last Ten Fiscal Years

	2021	2020	2019	2018
Statutorily required contribution	\$ 545	\$ 531	\$ 557	\$ 487
Contributions in relation to the statutorily required contribution	(545)	(531)	(557)	(487)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 5,775	\$ 5,621	\$ 5,789	\$ 5,446
Contributions as a percentage of covered payroll	9.44%	9.45%	9.62%	8.94%

NOTE: Amounts in thousands

See Notes to Required Supplementary Information.

2017	2016	2015	2014	2013	2012
\$ 466	\$ 453	\$ 437	\$ 479	\$ 434	\$ 447
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(466)	(453)	(437)	(479)	(434)	(447)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 5,168	\$ 5,074	\$ 4,888	\$ 5,336	\$ 4,987	\$ 5,519
9.02%	8.93%	8.94%	8.98%	8.71%	8.09%

City of Clinton, Iowa

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability

Municipal Fire and Police Retirement System of Iowa

Last Seven Fiscal Years

	2021*	2020*	2019*
City's proportion of the net pension liability	0.01908509%	0.01954104%	0.01862662%
City's proportionate share of the net pension liability	\$ 15,222,273	\$ 12,817,487	\$ 11,090,254
City's covered payroll	\$ 6,063,404	\$ 5,744,123	\$ 5,414,026
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.05%	223.14%	204.84%
Plan fiduciary net pension as a percentage of the total pension liability	76.47%	79.94%	81.07%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of the preceding fiscal year.

Note: The schedule is intended to present information for ten year information prior to 2015 is not available.

See Notes to Required Supplementary Information.

	2018*	2017*	2016*	2015*
	0.01861210%	0.01907348%	0.01932575%	0.01969964%
\$	10,915,532	\$ 11,925,902	\$ 9,079,514	\$ 7,141,084
\$	5,271,077	\$ 5,169,036	\$ 5,068,334	\$ 5,030,678
	207.08%	230.72%	179.14%	141.95%
	80.60%	78.20%	83.04%	86.27%

City of Clinton, Iowa

Required Supplementary Information

Schedule of City Contributions

Municipal Fire and Police Retirement System of Iowa

Last Ten Fiscal Years

	2021	2020	2019	2018
Statutorily required contribution	\$ 1,587	\$ 1,473	\$ 1,512	\$ 1,409
Contributions in relation to the statutorily required contribution	(1,587)	(1,473)	(1,512)	(1,409)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,270	\$ 6,063	\$ 5,744	\$ 5,414
Contributions as a percentage of covered payroll	25.31%	24.29%	26.32%	26.03%

Note: Amounts reported in thousands

See Notes to Required Supplementary Information.

2017	2016	2015	2014	2013	2012
\$ 1,382	\$ 1,435	\$ 1,541	\$ 1,515	\$ 1,271	\$ 1,186
(1,382)	(1,435)	(1,541)	(1,515)	(1,271)	(1,186)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,271	\$ 5,169	\$ 5,068	\$ 5,031	\$ 4,865	\$ 4,789
26.22%	27.76%	30.41%	30.12%	26.13%	24.77%

City of Clinton, Iowa

Notes to Required Supplementary Information

Note 1. Budgetary Information

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds except internal service funds. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The City Council annually adopts a budget on or before March 31 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budget. The legal level of control (the level on which expenditures may not legally exceed appropriations) is at the aggregated function level, not by fund. Appropriations, as adopted and amended, lapse at the end of the fiscal year. The City adopts its annual program budget which includes all funds on a modified accrual basis.

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules-Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. During the year, one budget amendment increased budgeted expenditures by \$5,338,472.

During the year ended June 30, 2021, expenditures in the public works, culture and recreation, community and economic development, general government, debt service, and capital project functions exceeded the budgeted expenditures.

Note 2. Iowa Public Employees' Retirement System

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

City of Clinton, Iowa

Notes to Required Supplementary Information

Note 2. Iowa Public Employees' Retirement System (Continued)

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Note 3. Municipal Fire and Police Retirement System

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled's set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

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SUPPLEMENTARY AND OTHER INFORMATION

City of Clinton, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability	Miscellaneous
Assets				
Cash and investments	\$ 202,729	\$ 136,348	\$ 30,568	\$ 363,918
Receivables:				
Property tax:				
Delinquent	-	-	-	15,265
Succeeding year	-	-	-	348,341
Intergovernmental	-	138,664	-	-
Special assessments	-	-	-	267,557
Other	43,160	4,060	-	2,200
Total assets	\$ 245,889	\$ 279,072	\$ 30,568	\$ 997,281
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,818	\$ 107,728	-	\$ 111,661
Salaries payable	5,786	198	-	-
Total liabilities	7,604	107,926	-	111,661
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	-	-	-	348,341
Delinquent taxes	-	-	-	6,612
Other	-	-	-	164,529
Total deferred inflows of resources	-	-	-	519,482
Fund Balances:				
Nonspendable:				
Endowments, corpus	-	-	-	-
Restricted:				
Community programs and services	238,285	171,146	-	366,138
Other purposes	-	-	30,568	-
Total fund balances	238,285	171,146	30,568	366,138
Total liabilities, deferred inflows of resources and fund balances	\$ 245,889	\$ 279,072	\$ 30,568	\$ 997,281

Permanent

Hayes Trust	Boyd Henningsen	Total
\$ 3,804	\$ 5,119	\$ 742,486

-	-	15,265
-	-	348,341
-	-	138,664
-	-	267,557
-	-	49,420
\$ 3,804	\$ 5,119	\$ 1,561,733

\$ -	\$ -	\$ 221,207
-	-	5,984
-	-	227,191

-	-	348,341
-	-	6,612
-	-	164,529
-	-	519,482

3,000	4,000	7,000
-	-	775,569
804	1,119	32,491
3,804	5,119	815,060

\$ 3,804	\$ 5,119	\$ 1,561,733
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City of Clinton, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability	Miscellaneous
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ 234,923
Other city tax	231,142	-	-	133,507
Licenses and permits	-	-	-	45,505
Use of money and property	1,101	1,818	-	3,908
Intergovernmental	78,073	1,515,267	-	61,980
Charges for service	63,060	-	-	234,322
Miscellaneous	-	20,442	-	174,081
Total revenues	373,376	1,537,527	-	888,226
Expenditures:				
Current:				
Public safety	-	-	-	153,327
Public works	-	-	-	25,405
Health and social services	-	1,002,869	-	-
Culture and recreation	308,118	-	-	2,464
Community and economic development	-	687,082	-	535,760
General government	-	-	312,724	183,275
Total expenditures	308,118	1,689,951	312,724	900,231
Revenue over (under) expenditures	65,258	(152,424)	(312,724)	(12,005)
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	500,000
Transfers in	349,864	94,089	319,785	187
Transfers out	(384,068)	(57,941)	-	(277,044)
Total other financing sources (uses)	(34,204)	36,148	319,785	223,143
Net change in fund balances	31,054	(116,276)	7,061	211,138
Fund balances, beginning of year	207,231	287,422	23,507	155,000
Fund balances, end of year	\$ 238,285	\$ 171,146	\$ 30,568	\$ 366,138

Permanent			
Hayes Trust	Boyd Henningsen Trust		Total
\$ -	\$ -	\$ 234,923	
		364,649	
		45,505	
33	44	6,904	
		1,655,320	
		297,382	
		194,523	
33	44	2,799,206	
		153,327	
		25,405	
		1,002,869	
		310,582	
		1,222,842	
		495,999	
		3,211,024	
33	44	(411,818)	
		500,000	
		763,925	
		(719,053)	
		544,872	
33	44	133,054	
3,771	5,075	682,006	
\$ 3,804	\$ 5,119	\$ 815,060	

City of Clinton, Iowa

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021

	Airport Operations	Dock Operations
Assets		
Current assets:		
Cash and investments	\$ 89,917	\$ -
Receivables, net of allowance for uncollectible amounts of \$0:		
Other	13,023	-
Total current assets	<u>102,940</u>	<u>-</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable:		
Land	790,945	-
Construction-in-progress	62,450	-
Depreciable:		
Machinery and equipment	355,793	-
Land improvements	372,577	-
Buildings	3,318,565	-
Intangibles	-	-
Infrastructure	20,902,221	54,389
Accumulated depreciation	(17,291,988)	(453)
Total noncurrent assets	<u>8,510,563</u>	<u>53,936</u>
Total assets	<u>8,613,503</u>	<u>53,936</u>
Deferred outflows of resources:		
OPEB related deferred outflows	1,784	-
Pension related deferred outflows	21,192	-
Total deferred outflows of resources	<u>22,976</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	37,952	-
Compensated absences	3,765	-
Total current liabilities	<u>41,717</u>	<u>-</u>
Noncurrent liabilities:		
Total OPEB liability	14,221	-
Net pension liability	96,726	-
Advance from other funds	90,000	-
Total noncurrent liabilities	<u>200,947</u>	<u>-</u>
Total liabilities	<u>242,664</u>	<u>-</u>
Deferred inflows of resources:		
Pension related deferred inflows	<u>6,392</u>	<u>-</u>
Net position:		
Investment in capital assets	8,510,563	53,936
Unrestricted	(123,140)	-
Total net position	<u>\$ 8,387,423</u>	<u>\$ 53,936</u>

Marina	Parking System	Total
\$ 670,725	\$ 10,338	\$ 770,980
7,363	-	20,386
<u>678,088</u>	<u>10,338</u>	<u>791,366</u>
184,000	217,000	1,191,945
-	-	62,450
82,325	-	438,118
39,692	152,700	564,969
770,974	-	4,089,539
-	12,401	12,401
9,501,572	149,516	30,607,698
(4,261,061)	(314,617)	(21,868,119)
<u>6,317,502</u>	<u>217,000</u>	<u>15,099,001</u>
6,995,590	227,338	15,890,367
-	-	1,784
-	-	21,192
<u>-</u>	<u>-</u>	<u>22,976</u>
19,362	-	57,314
-	-	3,765
<u>19,362</u>	<u>-</u>	<u>61,079</u>
-	-	14,221
-	-	96,726
-	-	90,000
<u>-</u>	<u>-</u>	<u>200,947</u>
19,362	-	262,026
-	-	6,392
6,317,502	217,000	15,099,001
658,726	10,338	545,924
<u>\$ 6,976,228</u>	<u>\$ 227,338</u>	<u>\$ 15,644,925</u>

City of Clinton, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2021

	Airport Operations	Dock Operations	Marina
Operating revenues:			
Charges for services	\$ 120,528	\$ -	\$ 139,712
Property rental	125,558	-	235,593
Miscellaneous	1,019	-	46,846
Total operating revenues	247,105	-	422,151
Operating expenses:			
Personal services	110,442	-	53,665
Commodities	140,410	-	77,706
Contractual services	34,672	-	71,453
Repairs, maintenance and utilities	20,944	-	56,369
Depreciation	602,836	453	351,129
Total operating expenses	909,304	453	610,322
Operating (loss)	(662,199)	(453)	(188,171)
Nonoperating revenues:			
Gain on disposal of capital assets	3,200	-	-
Intergovernmental	375,188	-	-
Total nonoperating revenues	378,388	-	-
Income (loss) before capital contributions and transfers	(283,811)	(453)	(188,171)
Capital contributions	-	-	43,434
Transfers in	215,000	54,389	-
Transfers out	-	-	(75,215)
Change in net position	(68,811)	53,936	(219,952)
Total net position, beginning of year	8,456,234	-	7,196,180
Total net position, end of year	\$ 8,387,423	\$ 53,936	\$ 6,976,228

Parking System	Total
\$ - \$	260,240
-	361,151
-	47,865
<hr/>	<hr/>
-	669,256
<hr/>	<hr/>
-	164,107
-	218,116
-	106,125
-	77,313
-	954,418
<hr/>	<hr/>
-	1,520,079
<hr/>	<hr/>
-	(850,823)
<hr/>	<hr/>
-	3,200
<hr/>	<hr/>
-	375,188
<hr/>	<hr/>
-	378,388
<hr/>	<hr/>
-	(472,435)
-	43,434
-	269,389
-	(75,215)
<hr/>	<hr/>
-	(234,827)
<hr/>	<hr/>
227,338	15,879,752
<hr/>	<hr/>
\$ 227,338	\$ 15,644,925

City of Clinton, Iowa

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2021

	Airport Operations	Dock Operations	Marina
Cash flows from operating activities:			
Receipts from customers and users	\$ 240,491	\$ -	\$ 417,410
Payments to suppliers	(161,866)	-	(202,713)
Payments to employees	(104,638)	-	(53,665)
Net cash provided by (used in) operating activities	(26,013)	-	161,032
Cash flows from noncapital financing activities:			
Intergovernmental	383,577	-	-
Due to other funds	-	-	53,758
Due from other funds	(53,757)	-	-
Transfers in	215,000	54,389	-
Transfers (out)	-	-	(75,215)
Net cash provided by (used in) noncapital financing activities	544,820	54,389	(21,457)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(428,890)	(54,389)	-
Increase in cash and cash equivalents	89,917	-	139,575
Cash and cash equivalents, beginning of year	-	-	531,150
Cash and cash equivalents, end of year	\$ 89,917	\$ -	\$ 670,725

(Continued)

Parking System	Total
\$ - \$ 657,901	
- (364,579)	
- (158,303)	
	<hr/>
- 135,019	
	<hr/>
- 383,577	
- 53,758	
- (53,757)	
- 269,389	
- (75,215)	
	<hr/>
- 577,752	
	<hr/>
- (483,279)	
	<hr/>
- 229,492	
10,338 541,488	
<hr/> \$ 10,338 \$ 770,980	<hr/>

City of Clinton, Iowa**Combining Statement of Cash Flows (Continued)**
Nonmajor Enterprise Funds
Year Ended June 30, 2021

	Airport Operations	Dock Operations	Marina
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (662,199)	\$ (453)	\$ (188,171)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	602,836	453	351,129
Change in assets and liabilities:			
Receivables	(6,614)	-	(4,741)
Prepaid expenses	-	-	-
Accounts payable	34,160	-	2,815
Compensated absences	(545)	-	-
Pension liability and related deferrals	6,768	-	-
Early retirement benefit	-	-	-
Total OPEB liability and related deferrals	(419)	-	-
Net cash provided by (used in) operating activities	\$ (26,013)	\$ -	\$ 161,032

Parking System	Total
\$ - \$	(850,823)
-	954,418
-	(11,355)
-	-
-	36,975
-	(545)
-	6,768
-	-
-	(419)
<hr/>	<hr/>
\$ - \$	135,019

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OTHER INFORMATION

City of Clinton, Iowa

**Schedule of Balance Sheet Accounts Required by Revenue Bond Ordinance
Sewer Revenue Fund-By Account on Bond Ordinance Basis (Unaudited)
June 30, 2021**

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund	
Assets					
Cash and investments	\$ 10,994	\$ 85,529	\$ 206,348	\$	-
Receivables, net of allowance for uncollectible amounts of \$756,017:					
Service fees	8,150	-	-	-	-
Special assessments	-	-	-	-	-
Total assets	19,144	85,529	206,348		-
Liabilities and Net Position					
Liabilities:					
Accounts payable	309,651	-	-	-	-
Contracts payable	-	-	-	-	-
Total liabilities	309,651	-	-		-
Net position:					
Unrestricted	(290,507)	85,529	206,348	\$	-
Total liabilities and net position	\$ 19,144	\$ 85,529	\$ 206,348	\$	-

Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
\$ 403,598	\$ 72,710	\$ (338,350)	\$ 440,829
-	1,489,120		1,497,270
-	198,296	-	198,296
403,598	1,760,126	(338,350)	2,136,395
<hr/>			
-	17,941	577,597	905,189
-	-	132,839	132,839
-	17,941	710,436	1,038,028
<hr/>			
403,598	1,742,185	(1,048,786)	1,098,367
\$ 403,598	\$ 1,760,126	\$ (338,350)	\$ 2,136,395

City of Clinton, Iowa

**Schedule of Revenues, Expenses and Changes in Net Position Required by Revenue Bond Ordinance
Sewer Revenue Fund-By Account on Bond Ordinance Basis fI bU XJHYXŁ
City of Clinton, Iowa**

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund
Operating revenues:				
Charges for services	\$ 8,711	\$ -	\$ -	\$ -
Miscellaneous	212,848	47,765	-	-
Total operating revenues	221,559	47,765	-	-
Operating expenses:				
Personal services	1,720,023	-	-	-
Contractual services	847,277	-	-	167,635
Repairs, maintenance and utilities	1,229,487	-	-	-
Miscellaneous	245,296	-	-	-
Capital outlay/improvements	236,620	-	-	-
Total operating expenses	4,278,703	-	-	167,635
Operating income (loss)	(4,057,144)	47,765	-	(167,635)
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Miscellaneous	3,902	-	-	-
Investment earnings	-	-	-	-
Interest expense	-	-	-	(1,434,971)
Principal payments	-	-	-	(3,070,000)
Total nonoperating revenues (expenses)	3,902	-	-	(4,504,971)
Income (loss) before transfers	(4,053,242)	47,765	-	(4,672,606)
Transfers in	3,913,704	-	-	4,672,603
Transfers out	-	-	-	-
Change in net position	(139,538)	47,765	-	(3)
Total net position (deficit), beginning of year	(150,969)	37,764	206,348	-
Total net position (deficit), end of year	\$ (290,507)	\$ 85,529	\$ 206,348	\$ (3)

Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
\$ -	\$ 8,740,608	\$ -	\$ 8,749,319
	- 16,138	-	- 276,751
	<u>8,756,746</u>	-	<u>9,026,070</u>
-	-	-	1,720,023
-	-	-	1,014,912
-	-	(185,029)	1,044,458
-	-	-	245,296
-	-	1,534,825	1,771,445
-	-	1,349,796	5,796,134
	<u>8,756,746</u>	<u>(1,349,796)</u>	<u>3,229,936</u>
-	253,201	65,000	318,201
-	-	-	3,902
-	4,885	-	4,885
-	-	-	(1,434,971)
-	-	-	(3,070,000)
	<u>258,086</u>	<u>65,000</u>	<u>(4,177,983)</u>
-	9,014,832	(1,284,796)	(948,047)
-	-	1,662,322	10,248,629
-	(9,041,655)	-	(9,041,655)
-	(26,823)	377,526	258,927
403,598	1,770,533	(1,080,266)	1,187,008
<u>\$ 403,598</u>	<u>\$ 1,743,710</u>	<u>\$ (702,740)</u>	<u>\$ 1,445,935</u>

City of Clinton, Iowa

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds (Unaudited)

For the Last Ten Years

	2021	2020	2019	2018
REVENUES				
Taxes	\$ 21,739,209	\$ 22,061,556	\$ 21,348,975	\$ 21,059,397
Licenses and permits	4,531,750	391,831	557,635	534,956
Use of money and property	504,614	422,310	466,285	548,323
Intergovernmental	8,260,302	6,081,810	6,128,589	5,793,373
Charges for services	2,211,365	1,807,789	1,259,880	1,289,759
Miscellaneous	1,129,666	589,981	977,395	669,363
TOTAL REVENUES	\$ 38,376,906	\$ 31,355,277	\$ 30,738,759	\$ 29,895,171
EXPENDITURES				
Current				
Public safety	\$ 12,540,239	\$ 12,085,853	\$ 12,855,754	\$ 11,178,730
Public works	3,677,487	3,757,185	3,798,229	4,492,753
Health and social services	1,002,869	-	-	-
Culture and recreation	3,352,035	3,244,159	3,277,403	3,065,705
Community and economic development	3,000,656	3,656,857	3,327,736	3,027,046
General government	2,306,794	2,472,629	2,106,419	2,011,365
Debt service	6,714,655	8,228,484	6,058,872	5,437,783
Capital projects	12,355,605	7,829,076	7,062,603	7,466,831
TOTAL EXPENDITURES	\$ 44,950,340	\$ 41,274,243	\$ 38,487,016	\$ 36,680,213

	2017		2016		2015		2014		2013		2012					
\$	21,304,416		\$	21,335,063		\$	21,540,640		\$	21,340,941		\$	21,060,047		\$	20,061,933
	715,590			494,637			448,407			397,268			390,214			388,142
	470,008			429,019			312,866			1,879,184			535,225			166,362
	8,078,805			5,950,877			5,212,646			4,844,194			5,425,060			5,077,516
	1,275,230			1,305,310			1,247,042			1,235,039			1,045,323			1,276,132
	914,603			859,592			899,941			799,992			1,504,955			2,301,813
	<u>\$ 32,758,652</u>			<u>\$ 30,374,498</u>			<u>\$ 29,661,542</u>			<u>\$ 30,496,618</u>			<u>\$ 29,960,824</u>			<u>\$ 29,271,898</u>
\$	10,804,776		\$	10,722,616		\$	10,957,543		\$	10,776,743		\$	10,117,478		\$	10,099,168
	4,406,270			3,267,989			2,951,147			2,606,996			2,471,001			2,931,985
	3,189,651			2,987,553			3,036,703			3,142,259			2,919,245			3,016,460
	2,714,588			2,560,088			2,084,627			1,877,259			2,028,721			2,749,648
	1,992,864			1,953,107			2,169,653			2,478,543			2,762,672			1,656,335
	4,850,015			4,404,589			4,264,112			3,992,096			8,468,734			3,477,659
	9,532,517			10,784,756			5,321,941			7,760,095			8,221,941			7,817,225
	<u>\$ 37,490,681</u>			<u>\$ 36,680,698</u>			<u>\$ 30,785,726</u>			<u>\$ 32,633,991</u>			<u>\$ 36,989,792</u>			<u>\$ 31,748,480</u>

City of Clinton, Iowa

Schedule of Taxes and Intergovernmental Revenues

All Governmental Funds (Unaudited)

For the Last Ten Years

	2021	2020	2019	2018	2017
Taxes					
Property tax and tax increment financing	\$ 15,201,031	\$ 16,471,342	\$ 16,114,055	\$ 15,917,903	\$ 15,896,291
Mobile home taxes	2,713	3,019	3,687	3,738	8,257
Utility excise taxes	1,486,889	1,484,320	1,323,381	1,318,334	1,406,054
Local option sales taxes	4,285,873	3,395,533	3,317,312	3,202,828	3,235,680
Hotel/motel taxes	414,186	387,624	390,580	409,282	541,620
Gaming/Cable television franchise fees	231,142	307,158	199,960	207,312	216,514
Other taxes	117,375	12,560	-	-	-
	21,739,209	22,061,556	21,348,975	21,059,397	21,304,416
Intergovernmental					
Road use taxes	3,992,213	3,640,825	3,494,289	3,888,765	3,435,711
Other federal/state revenues	3,894,779	2,264,580	2,341,971	1,838,017	3,895,382
County contributions	141,907	55,459	48,091	62,769	617,308
School district contributions	231,403	120,946	244,238	3,822	130,404
	8,260,302	6,081,810	6,128,589	5,793,373	8,078,805
TOTAL	\$ 29,999,511	\$ 28,143,366	\$ 27,477,564	\$ 26,852,770	\$ 29,383,221

	2016	2015	2014	2013	2012
\$	16,190,472	\$ 16,195,117	\$ 16,568,522	\$ 16,287,628	\$ 14,972,295
55,851	5,031	4,528	4,528	5,205	
1,270,243	1,304,792	1,151,368	1,151,368	1,129,203	
3,278,644	3,298,910	3,064,314	3,064,314	3,429,223	
309,283	511,771	361,661	361,661	332,554	
230,570	225,019	179,083	179,083	190,496	
-	-	11,465	11,465	-	
<u>21,335,063</u>	<u>21,540,640</u>	<u>21,340,941</u>	<u>21,060,047</u>	<u>20,058,976</u>	
3,296,194	3,080,523	2,671,825	2,606,751	2,529,235	
2,407,076	1,883,123	1,953,220	2,605,406	7,607,513	
132,256	75,988	49,284	50,948	105,757	
115,351	173,012	169,865	161,955	-	
<u>5,950,877</u>	<u>5,212,646</u>	<u>4,844,194</u>	<u>5,425,060</u>	<u>10,242,505</u>	
<u>\$ 27,285,940</u>	<u>\$ 26,753,286</u>	<u>\$ 26,185,135</u>	<u>\$ 26,485,107</u>	<u>\$ 30,301,481</u>	

City of Clinton, Iowa

**Schedule of Actual Property Valuation Comparison (Non TIF)
(Unaudited)
For the Last Ten Years**

Fiscal Year:	2012	2013	2014	2015
January 1 Valuation	2010	2011	2012	2013
Residential property	\$ 873,107,272	\$ 838,077,699	\$ 844,469,640	\$ 846,761,092
Commercial property	270,207,165	263,324,605	290,590,290	281,717,781
Industrial property	193,742,825	223,544,136	172,403,126	149,910,562
Utilities	151,620,680	162,756,342	167,379,969	188,751,208
Other	446,750	446,750	446,750	446,750
Subtotal	1,489,124,692	1,488,149,532	1,475,289,775	1,467,587,393
Agricultural land	15,324,520	17,773,135	17,535,589	26,798,891
TOTAL	<u>\$ 1,504,449,212</u>	<u>\$ 1,505,922,667</u>	<u>\$ 1,492,825,364</u>	<u>\$ 1,494,386,284</u>

2016	2017	2018	2019	2020	2021
2014	2015	2016	2017	2018	2019
\$ 858,489,381	\$ 863,549,155	\$ 869,660,186	871,118,505	872,530,004	875,271,908
286,195,257	263,704,423	274,319,656	271,051,755	280,923,649	284,340,030
155,096,660	163,218,242	179,689,083	187,127,132	182,642,076	171,490,711
197,285,390	216,781,005	235,901,449	289,118,275	377,829,511	364,562,207
446,750	446,750	446,750	446,750	446,750	446,750
1,497,513,438	1,507,699,575	1,560,017,124	1,618,862,417	1,714,371,990	1,696,111,606
23,827,771	25,922,399	26,464,920	28,232,940	28,096,627	18,018,964
<u>\$ 1,521,341,209</u>	<u>\$ 1,533,621,974</u>	<u>\$ 1,586,482,044</u>	<u>\$ 1,647,095,357</u>	<u>\$ 1,742,468,617</u>	<u>\$ 1,714,130,570</u>

City of Clinton, Iowa

**Schedule of Taxable Property Valuation Comparison
(Unaudited)
For the Last Ten Years**

Fiscal Year:	2012	2013	2014	2015
<u>January 1 Valuation</u>	<u>2010</u>	<u>2,011</u>	<u>2012</u>	<u>2013</u>
Residential property	\$ 421,511,650	\$ 422,003,802	\$ 443,940,901	\$ 457,007,659
Commercial property	270,207,165	263,324,605	290,590,290	265,401,457
Industrial property	193,742,825	223,544,136	172,403,126	142,412,661
Utilities	94,263,469	101,857,832	102,341,142	101,402,573
Other	446,750	446,750	446,750	446,750
Subtotal	980,171,859	1,011,177,125	1,009,722,209	966,671,100
Less military exemptions	3,389,160	3,313,228	3,226,184	3,113,212
TOTAL	\$ 976,782,699	\$ 1,007,863,897	\$ 1,006,496,025	\$ 963,557,888
Agricultural land	\$ 10,576,243	\$ 10,194,936	\$ 10,494,318	\$ 11,409,968

2016	2017	2018	2019	2020	2021
2014	2015	2016	2017	2018	2019
\$ 475,424,868	\$ 483,234,316	\$ 498,214,670	\$ 488,042,092	\$ 499,657,890	\$ 485,105,529
253,434,239	268,865,227	276,162,107	274,907,130	277,239,424	272,356,251
138,981,191	154,626,634	166,047,010	173,003,242	170,134,501	160,461,271
123,730,880	96,945,283	84,649,545	86,596,571	93,075,713	89,389,491
-	402,075	446,750	446,750	446,750	446,750
991,571,178	1,004,073,535	1,025,520,082	1,022,995,785	1,040,554,278	1,007,759,292
3,002,092	2,837,264	2,700,216	2,555,760	2,502,052	2,424,268
<u>\$ 988,569,086</u>	<u>\$ 1,001,236,271</u>	<u>\$ 1,022,819,866</u>	<u>\$ 1,020,440,025</u>	<u>\$ 1,038,052,226</u>	<u>\$ 1,005,335,024</u>
<u>\$ 11,899,550</u>	<u>\$ 11,774,642</u>	<u>\$ 12,534,373</u>	<u>\$ 15,329,680</u>	<u>\$ 15,755,695</u>	<u>\$ 14,661,899</u>

City of Clinton, Iowa

Schedule of General Obligation Bond and Capital Loan Note Maturities (Unaudited)
June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ 4,485,000	\$ 1,834,687	\$ 6,319,687
2023	4,095,000	1,703,177	5,798,177
2024	3,970,000	1,566,367	5,536,367
2025	4,085,000	1,436,617	5,521,617
2026	3,660,000	1,301,749	4,961,749
2027	3,800,000	1,182,749	4,982,749
2028	3,915,000	1,065,844	4,980,844
2029	3,955,000	942,969	4,897,969
2030	3,785,000	820,619	4,605,619
2031	3,895,000	710,282	4,605,282
2032	3,560,000	592,713	4,152,713
2033	2,705,000	481,600	3,186,600
2034	2,650,000	400,063	3,050,063
2035	2,230,000	319,725	2,549,725
2036	2,310,000	252,975	2,562,975
2037	2,395,000	183,814	2,578,814
2038	2,020,000	103,456	2,123,456
2039	1,010,000	36,306	1,046,306
2040	470,000	9,988	479,988
Total	\$ 58,995,000	\$ 14,945,700	\$ 73,940,700

City of Clinton, Iowa

Schedule of General Obligation Capital Loan Note Maturities (Unaudited)
June 30, 2021

Summary - Capital Loan Note Principal and Interest													
Year Ending	June 30	\$ 3,065,000	\$ 4,975,000	\$ 4,155,000	\$ 3,225,000	\$ 4,050,000	\$ 5,130,000	\$ 3,305,000	\$ 5,205,000	\$ 4,110,000	\$ 10,375,000		
2022		529,880	308,098	389,550	278,925	272,852	436,487	235,063	466,162	346,194	834,788		
2023	-	307,968	400,250	284,425	273,952	430,287	235,413	463,562	343,694	833,188			
2024	-	307,458	400,350	284,725	274,952	432,537	235,613	465,862	341,044	830,788			
2025	-	311,558	405,150	289,325	275,852	434,537	235,662	462,963	343,244	817,588			
2026	-	-	149,500	293,075	276,442	441,287	235,562	464,963	340,144	813,988			
2027	-	-	145,650	295,925	276,606	466,800	233,561	461,762	341,894	825,263			
2028	-	-	151,800	297,825	276,326	465,400	236,361	463,462	343,344	829,388			
2029	-	-	147,000	299,425	275,700	468,700	235,662	464,962	344,494	829,738			
2030	-	-	152,200	-	273,800	464,525	234,812	466,263	340,344	839,487			
2031	-	-	152,000	-	276,750	465,000	233,562	461,250	346,044	843,338			
2032	-	-	156,600	-	274,400	462,800	236,900	-	345,888	851,437			
2033	-	-	150,800	-	271,900	-	234,912	-	-	448,638			
2034	-	-	-	-	273,612	-	237,763	-	-	451,762			
2035	-	-	-	-	-	-	-	-	-	453,925			
2036	-	-	-	-	-	-	-	-	-	460,087			
2037	-	-	-	-	-	-	-	-	-	460,576			
2038	-	-	-	-	-	-	-	-	-	-			
2039	-	-	-	-	-	-	-	-	-	-			
2040	-	-	-	-	-	-	-	-	-	-			
Total	\$	529,880	\$ 1,235,082	\$ 2,800,850	\$ 2,323,650	\$ 3,573,144	\$ 4,968,360	\$ 3,060,846	\$ 4,641,211	\$ 3,776,328	\$ 11,423,979		

Summary - Capital Loan Note Principal													
Year Ending	June 30	\$ 3,065,000	\$ 4,975,000	\$ 4,155,000	\$ 3,225,000	\$ 4,050,000	\$ 5,130,000	\$ 3,305,000	\$ 5,205,000	\$ 4,110,000	\$ 10,375,000		
2022		520,000	285,000	310,000	225,000	195,000	310,000	155,000	380,000	250,000	540,000		
2023	-	290,000	330,000	235,000	200,000	310,000	160,000	385,000	255,000	560,000			
2024	-	295,000	340,000	240,000	205,000	320,000	165,000	395,000	260,000	580,000			
2025	-	305,000	355,000	250,000	210,000	330,000	170,000	400,000	270,000	590,000			
2026	-	-	110,000	260,000	215,000	345,000	175,000	410,000	275,000	610,000			
2027	-	-	110,000	270,000	220,000	380,000	180,000	415,000	285,000	635,000			
2028	-	-	120,000	280,000	225,000	390,000	190,000	425,000	295,000	655,000			
2029	-	-	120,000	290,000	230,000	405,000	195,000	435,000	305,000	675,000			
2030	-	-	130,000	-	235,000	415,000	200,000	445,000	310,000	705,000			
2031	-	-	135,000	-	245,000	430,000	205,000	450,000	325,000	730,000			
2032	-	-	145,000	-	250,000	445,000	215,000	-	335,000	760,000			
2033	-	-	145,000	-	255,000	-	220,000	-	-	380,000			
2034	-	-	-	-	265,000	-	230,000	-	-	395,000			
2035	-	-	-	-	-	-	-	-	-	410,000			
2036	-	-	-	-	-	-	-	-	-	430,000			
2037	-	-	-	-	-	-	-	-	-	445,000			
2038	-	-	-	-	-	-	-	-	-	-			
2039	-	-	-	-	-	-	-	-	-	-			
2040	-	-	-	-	-	-	-	-	-	-			
Total	\$	520,000	\$ 1,175,000	\$ 2,350,000	\$ 2,050,000	\$ 2,950,000	\$ 4,080,000	\$ 2,460,000	\$ 4,140,000	\$ 3,165,000	\$ 9,100,000		

Summary - Capital Loan Note Interest													
Year Ending	June 30	\$ 3,065,000	\$ 4,975,000	\$ 4,155,000	\$ 3,225,000	\$ 4,050,000	\$ 5,130,000	\$ 3,305,000	\$ 5,205,000	\$ 4,110,000	\$ 10,375,000		
2022		9,880	23,098	79,550	53,925	77,852	126,487	80,063	86,162	96,194	294,788		
2023	-	17,968	70,250	49,425	73,952	120,287	75,413	78,562	88,694	273,188			
2024	-	12,458	60,350	44,725	69,952	112,537	70,613	70,862	81,044	250,788			
2025	-	6,558	50,150	39,325	65,852	104,537	65,662	62,963	73,244	227,588			
2026	-	-	39,500	33,075	61,442	96,287	60,562	54,963	65,144	203,988			
2027	-	-	35,650	25,925	56,606	86,800	53,561	46,762	56,894	190,263			
2028	-	-	31,800	17,825	51,326	75,400	46,361	38,462	48,344	174,388			
2029	-	-	27,000	9,425	45,700	63,700	40,662	29,962	39,494	154,738			
2030	-	-	22,200	-	38,800	49,525	34,812	21,263	30,344	134,487			
2031	-	-	17,000	-	31,750	35,000	28,562	11,250	21,044	113,338			
2032	-	-	11,600	-	24,400	17,800	21,900	-	10,888	91,437			
2033	-	-	5,800	-	16,900	-	14,912	-	-	68,638			
2034	-	-	-	-	8,612	-	7,763	-	-	56,762			
2035	-	-	-	-	-	-	-	-	-	43,925			
2036	-	-	-	-	-	-	-	-	-	30,087			
2037	-	-	-	-	-	-	-	-	-	15,576			
2038	-	-	-	-	-	-	-	-	-	-			
2039	-	-	-	-	-	-	-	-	-	-			
2040	-	-	-	-	-	-	-	-	-	-			
Total	\$	9,880	\$ 60,082	\$ 450,850	\$ 273,650	\$ 623,144	\$ 888,360	\$ 600,846	\$ 501,211	\$ 611,328	\$ 2,323,979		

Summary - Capital Loan Note Principal and Interest

\$ 12,310,000	\$ 9,705,000	\$ 7,120,000	Total
834,000	924,550	463,138	6,319,687
831,100	930,050	464,288	5,798,177
819,100	683,800	460,138	5,536,367
811,600	678,300	455,838	5,521,617
813,350	677,050	456,388	4,961,749
813,850	669,800	451,638	4,982,749
803,400	666,800	446,738	4,980,844
812,800	572,800	446,688	4,897,969
821,450	571,400	441,338	4,605,619
809,350	573,650	444,338	4,605,282
807,100	570,450	447,138	4,152,713
1,058,662	571,950	449,738	3,186,600
1,061,788	573,000	452,138	3,050,063
1,067,862	573,600	454,338	2,549,725
1,072,800	568,750	461,338	2,562,975
1,081,600	573,600	463,038	2,578,814
1,081,600	572,850	469,006	2,123,456
-	571,650	474,656	1,046,306
	479,988		479,988
\$ 15,401,412	\$ 11,524,050	\$ 8,681,908	\$ 73,940,700

Summary - Capital Loan Note Principal

\$ 12,310,000	\$ 9,705,000	\$ 7,120,000	Total
430,000	590,000	295,000	4,485,000
440,000	625,000	305,000	4,095,000
450,000	410,000	310,000	3,970,000
465,000	425,000	315,000	4,085,000
490,000	445,000	325,000	3,660,000
515,000	460,000	330,000	3,800,000
520,000	480,000	335,000	3,915,000
545,000	410,000	345,000	3,955,000
570,000	425,000	350,000	3,785,000
575,000	440,000	360,000	3,895,000
590,000	450,000	370,000	3,560,000
860,000	465,000	380,000	2,705,000
890,000	480,000	390,000	2,650,000
925,000	495,000	400,000	2,230,000
960,000	505,000	415,000	2,310,000
1,000,000	525,000	425,000	2,395,000
1,040,000	540,000	440,000	2,020,000
-	555,000	455,000	1,010,000
	470,000		470,000
\$ 11,265,000	\$ 8,725,000	\$ 7,015,000	\$ 58,995,000

Summary - Capital Loan Note Interest

\$ 12,310,000	\$ 9,705,000	\$ 7,120,000	Total
404,000	334,550	168,138	1,834,687
391,100	305,050	159,288	1,703,177
369,100	273,800	150,138	1,566,367
346,600	253,300	140,838	1,436,617
323,350	232,050	131,388	1,301,749
298,850	209,800	121,638	1,182,749
283,400	186,800	111,738	1,065,844
267,800	162,800	101,688	942,969
251,450	146,400	91,338	820,619
234,350	133,650	84,338	710,282
217,100	120,450	77,138	592,713
198,662	106,950	69,738	481,600
171,788	93,000	62,138	400,063
142,862	78,600	54,338	319,725
112,800	63,750	46,338	252,975
81,600	48,600	38,038	183,814
41,600	32,850	29,006	103,456
-	16,650	19,656	36,306
		9,988	9,988
\$ 4,136,412	\$ 2,799,050	\$ 1,666,908	\$ 14,945,700

City of Clinton, Iowa

Computation of Legal Debt Margin (Unaudited)
June 30, 2021

Actual Property Valuation-January 1, 2019 (Includes TIF valuation)	<u>\$ 1,755,917,570</u>
Debt limit, 5% of total actual valuation	\$ 87,795,879
Debt applicable to debt limit, debt service:	
General obligation loan notes and bonds	58,995,000
Due to other government	5,252,591
Tax increment financing indebtedness	8,072,342
Legal debt margin	<u>\$ 15,475,946</u>

City of Clinton, Iowa

Miscellaneous Statistics (Unaudited) June 30, 2021

Date Chartered	January 28, 1857
Form of Government	Mayor/Council/City Administrator
Number of Employees (excluding seasonal)	
Full-time Equivalent	166
Area in Square Miles	38.4
Population	26,885
City of Clinton Facilities and Services:	
Miles of Streets	123
Parks and Recreation:	
Parks	18
Park Acreage	496
Swimming Pool	1
Softball and Baseball Diamonds	15
Tennis Courts	10
Baseball Stadium	1
Libraries:	2
Number of Registered Borrowers	18,271
Number of Items in Collection	101,356
Police Protection:	
Number of Stations	1
Number of Sworn Officers	40
Fire Protection:	
Number of Stations	3
Number of Fire Personnel	44
Sewer System:	
Number of Treatment Plants	1
Daily Average Treatment in Gallons	4.5 million
Maximum Daily Capacity in Gallons	18 million
Number of Customers	10,350
Sewer Rate - Residential	\$9.63 per 100 cubic feet
Commercial Class 1	\$9.63 per 100 cubic feet
Commercial Class 2	\$11.648 per 100 cubic feet
Commercial Class 3	\$15.232 per 100 cubic feet
Public Transportation System:	
Buses	12
Fixed Routes Served	6
Para Transit Vehicles	6
Municipal Airport:	
Primary Runway Length (in feet)	5,204
Other Runway (in feet)	4,201

COMPLIANCE SECTION

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City of Clinton, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Direct:				
U.S. Department of Housing and Urban Development				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0659-17	\$ 543,076	\$ 543,076
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0755-20	65,907	65,907
Total U.S. Department of Housing and Urban Development			<u>608,983</u>	<u>608,983</u>
U.S. Department of Justice				
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1198	-	48,462
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0366	-	6,861
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0742	-	22,748
			-	29,609
Comprehensive Opioid Abuse Site-Based Program	16.838	2018-AR-BX-K111	150,205	150,205
Equitable Sharing Program	16.922	IA0230100	-	20,322
Total U.S. Department of Justice			<u>150,205</u>	<u>248,598</u>
U.S. Department of Transportation				
Airport Improvement Program	20.106	3-19-0019-020-2018	-	32,569
COVID-19 Airport Improvement Program	20.106	3-19-0019-021-2020	-	13,000
Total U.S. Department of Transportation			-	<u>45,569</u>
Total Direct			<u>759,188</u>	<u>903,150</u>
Indirect:				
U.S. Department of Housing and Urban Development				
Pass-through Iowa Economic Development Authority				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-DTR-002	-	4,752
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-OT-002	-	171,690
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-HSG-004	-	72,050
COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-OT-048	-	50,000
Total U.S. Department of Housing and Urban Development			-	<u>298,492</u>
U.S. Department of Justice				
Passed through Governor's Office of Drug Control Policy				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-JAG-348814	7,695	11,588
U.S. Department of Transportation				
Pass-through Iowa Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	IA-2019-024-00	-	193,360
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	IA-2020-010-00	-	1,871,800
			-	<u>2,065,160</u>
Federal Transit Cluster:				
Buses and Bus Facilities Formula, Competitive, and Low or No Emission Programs.	20.526	IA-2019-008-00	-	<u>385,665</u>
Pass-through Iowa Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	20-402-MOPT Task 08-00-00	-	745
Total U.S. Department of Transportation			-	<u>2,451,570</u>

(Continued)

City of Clinton, Iowa**Schedule of Expenditures of Federal Awards (Continued)**
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
Passed through Iowa Department of Revenue COVID-19, Coronavirus Relief Fund	21.019	00123	-	596,374
U.S. Environmental Protection Agency				
Pass-through Iowa Department of Natural Resources Brownfields Asssesment and Cleanup Cooperative Agreements	66.818	20-7540-10	-	10,471
Brownfields Asssesment and Cleanup Cooperative Agreements	66.818	20-7540-12	-	5,780
			-	16,251
Pass-through Iowa Homeland Security Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DRIA	-	242,656
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	HMGP DR 4421	-	390,250
			-	632,906
Total U.S. Environmental Protection Agency			-	649,157
Total Indirect			7,695	4,007,181
Total Expenditures of Federal Awards			\$ 766,883	\$ 4,910,331

See Notes to Schedule of Expenditures of Federal Awards.

City of Clinton, Iowa

Notes to Schedule of Expenditures of Federal Awards **Year Ended June 30, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the entity.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant.

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. In the governmental funds, revenue from federal grants is recognized when the revenue is both measureable and available. In proprietary funds, revenue from federal grants is recognized when it is earned.

Pass-through entity identifying numbers are presented where available.

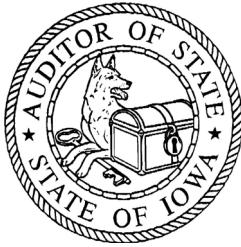
Note 3. Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

City of Clinton



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building

Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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 Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clinton's internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clinton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clinton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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 a material misstatement of the City of Clinton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-21, II-B-21 and II-C-21 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-21 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clinton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

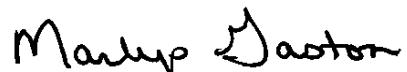
The City of Clinton's Responses to the Findings

The City of Clinton's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Clinton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clinton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 11, 2022

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

City of Clinton



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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Clinton, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2021. The City of Clinton's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Clinton's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clinton's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 which we consider to be a significant deficiency.

The City of Clinton's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Clinton's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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


Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 11, 2022

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 20.509 – Formula Grants for Rural Areas and Tribal Transit Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Clinton did not qualify as a low-risk auditee.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties
(2021-001)

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Finance, Airport, Marina, Parks and Recreation and Municipal Transit Administration (MTA)
(2) Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist.	Finance, Airport, Marina, Parks and Recreation and MTA
Only one individual in the Finance office is responsible for collecting utility payments made in the City drop box located outside City Hall.	
(3) Bank accounts were not reconciled by an individual who does not sign checks. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Finance
(4) Cashiers work from one main cash drawer.	Finance
(5) All individuals have the ability to void receipts, including individuals who perform daily balancing. A monthly report of void receipts is not maintained or reviewed	Finance, Airport and Marina

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

(6)	Several offices maintain a separate set of records. A reconciliation between each office's records and records at the Finance office is not performed	Airport and Marina
(7)	Journal entries are not reviewed and approved by an independent person.	Finance

Cause – The City offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials and personnel from other City offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review. Bank reconciliation reviews should include independent verification of bank balances and reconciling items.

Response – The City will continue to utilize the Finance Committee to review bank reconciliations until someone other than a signer on the bank account can perform the monthly bank reconciliation. The City will continue to explore controls available through the implementation of our new financial management system, to mitigate these segregation of duties findings.

Conclusion – Response acknowledged. Each office should utilize current personnel, including elected officials and personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

II-B-21 Financial Reporting
(2021-002)

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Condition – During the audit, we identified material amounts which were not properly recorded in the City's financial statements and footnotes:

- receivables in the Special Revenue, Road Use Tax Fund and the Proprietary, Sewer Fund
- payables in the Capital Projects Fund
- unrestricted net position and net investment in capital assets in the Proprietary, Sewer Fund
- restricted and unassigned fund balance in the Special Revenue, Employee Benefits Fund
- restricted fund balance in the Special Revenue, Local Option Sales Tax Fund
- health and social services expenditure function and community and economic development expenditure function in the Special Revenue, Community and Economic Development Fund
- proceeds from long-term debt in the Capital Projects Fund
- footnote for transfers in and out was not prepared
- transfers in and transfers out in the governmental and proprietary funds
- contract commitments reported in the footnotes
- debt service requirements to maturity for sewer revenue notes in the footnotes
- subsequent events reported in the footnotes.

Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

Cause – The City hires a private CPA firm to prepare their financial statements. Policies and procedures have not been established or implemented to require City personnel review the financial statements prepared by the firm for accuracy and reliability.

Effect – Lack of policies and procedures resulted in City employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the City's financial statements were necessary.

Recommendation – The City should implement procedures to ensure amounts are properly recorded in the City's financial statements.

Response – We will work to ensure future receivables, payables, net position, fund balance, expenditures by function, proceeds from long-term debt, transfers, footnotes and debt service requirements are properly recorded.

Conclusion – Response accepted.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

II-C-21 Reconciliation of Utility Billings, Collections and Delinquent Accounts
(2021-003)

Criteria – An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling utility billings, collections and delinquent accounts and comparing utility collections to deposits to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – Utility billings, collections and delinquent accounts were not reconciled throughout the year and a delinquent account listing was not prepared for both sewer and solid waste utilities. Also, utility collections were not reconciled to deposits.

Cause – Policies have not been established and procedures have not been implemented to maintain delinquent account listings, reconcile utility billings, collections and delinquent accounts and to reconcile utility collections to deposits.

Effect – This condition could result in unrecorded or misstated utility receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent account balances.

Recommendation – A listing of delinquent accounts should be prepared on a monthly basis. Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies. The review of the reconciliations should include independent verification of receivables, collections and reconciling items. The reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Finance Director will work on establishing a monthly reconciliation workpaper for utility accounts receivable.

Conclusion – Response accepted.

II-D-21 Computer System
(2021-004)

Criteria – Properly designed policies and procedures pertaining to control activities over the City's computer systems and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, and help ensure the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The City does not have a written disaster recovery plan.

Cause – Management has not required written policies for the above computer-based control.

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Effect – Lack of written policies for computer-based system could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the City's inability to function in the event of a disaster or continue City business without interruption.

Recommendation – A written disaster recovery plan should be developed.

Response – The City's Information Technology Director is working on a continuity of operations plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

AL Number 20.509: Formula Grants for Rural Areas and Tribal Transit Program
Pass-through Entity Identifying Number: IA-2019-024-00, IA-2020-010-00
Federal Award Year: 2019 and 2020
Prior Year Finding Number: NA
U. S. Department of Transportation

III-A-21 Payroll Overpayment
(2021-004)

Criteria – Properly designed policies and procedures are an integral part of ensuring the reliability and accuracy of the City's payroll expenditures.

Condition – Employees complete timecards to document hours worked. The hours are then manually summarized into an "MTA Payroll List" which is submitted for payroll processing. For the period October 1, 2020 through October 15, 2020, the "MTA Payroll List" included a manual error which resulted in one employee who worked 25 hours but was paid for 28 hours. The employee was overpaid by \$52.

Cause – Policies and procedures have not been established or implemented to require the verification of the accuracy of time reporting.

Effect – An employee was overpaid by three hours or \$52.

Recommendation – The City should ensure procedures are in place to verify the accuracy of time reporting. The City should consult legal counsel to determine if the City should seek reimbursement for the overpayment.

Response and Corrective Action Planned – The City will take measures to prevent future overpayments and will consult with the City Attorney to determine if repayment should be made by the affected employee.

Conclusion – Response accepted.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the public works, culture and recreation, community and economic development, general government, debt service and capital projects functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

In addition, the City exceeded the budget in the general government and capital projects functions before the budget was amended.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor disbursements more closely in the future to ensure functions budgeted are not exceeded.

Conclusion – Response accepted.

IV-B-21 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-21 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-21 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joshua Mussmann, Engineering Employee, Owner of JT Contracting	Derecho storm clean up - emergency purchase	\$ 33,834
Joshua Mussmann, Engineering Employee, Owner of JT Contracting	Concrete work and professional services- not bid	896
Sean Connell, City Council, Owner of Air Control, Inc.	Heating and cooling repair - bid	13,750
Sean Connell, City Council, Owner of Air Control, Inc.	Heating and cooling repair - not bid	21,751
Dennis Hart, Transit Employee, Owner of Hart Services LLC	Derecho storm clean up - emergency purchase	8,063
Allen Schutte, Firefighter, Owner of Unlimited Sound Advice	Repairs	480

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Joshua Mussman for \$896 and Allen Schutte for \$480 do not appear to represent a conflict of interest since the total transactions were less than \$6,000 during the fiscal year.

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

The transactions with Sean Connell for \$13,750 do not appear to represent a conflict of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

The transactions with Sean Connell for \$21,751 may represent a conflict of interest since the transactions exceeded \$6,000 and were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

The transactions with Joshua Mussman for \$33,834 and Dennis Hart for \$8,063 may represent a conflict of interest since the transactions exceeded \$6,000 and were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa. Although these services were procured as emergency purchases under the City's policy, Chapter 362.5 of the Code of Iowa does not provide an exemption for emergency purchases with a related party.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City will more closely monitor the requirements of Chapter 362.5(3)(d) of the Code of Iowa when doing business with parties that could result in a conflict of interest.

Conclusion – Response accepted.

- IV-E-21 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-21 City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- IV-H-21 Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-I-21 Revenue Bonds and Notes – No instances of non-compliance with the sewer revenue note provisions were noted.
- IV-J-21 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City understated the TIF debt outstanding, cash and the TIF revenues reported on the Levy Authority Summary.

Recommendation – The City should ensure the TIF debt outstanding, cash and revenues reported on the Levy Authority Summary agrees with the City's records.

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Response – The City will work to ensure the accuracy of the Annual Urban Renewal Report prior to approval and submission to the State.

Conclusion – Response accepted.

IV-K-21 Financial Condition – The Capital Projects Fund had a deficit fund balance of \$684,426 at June 30, 2021.

Recommendation – The City should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position.

Response – The City will work to return the Capital Projects Fund to a sound financial position.

Conclusion – Response accepted.

City of Clinton

Staff

This audit was performed by:

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