

# **City of Clinton, Iowa**

Financial and Compliance  
Report Year Ended June 30,  
2023



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# CITY OF CLINTON, IOWA

## List of Principal Officials

June 30, 2023

### ELECTED OFFICIALS

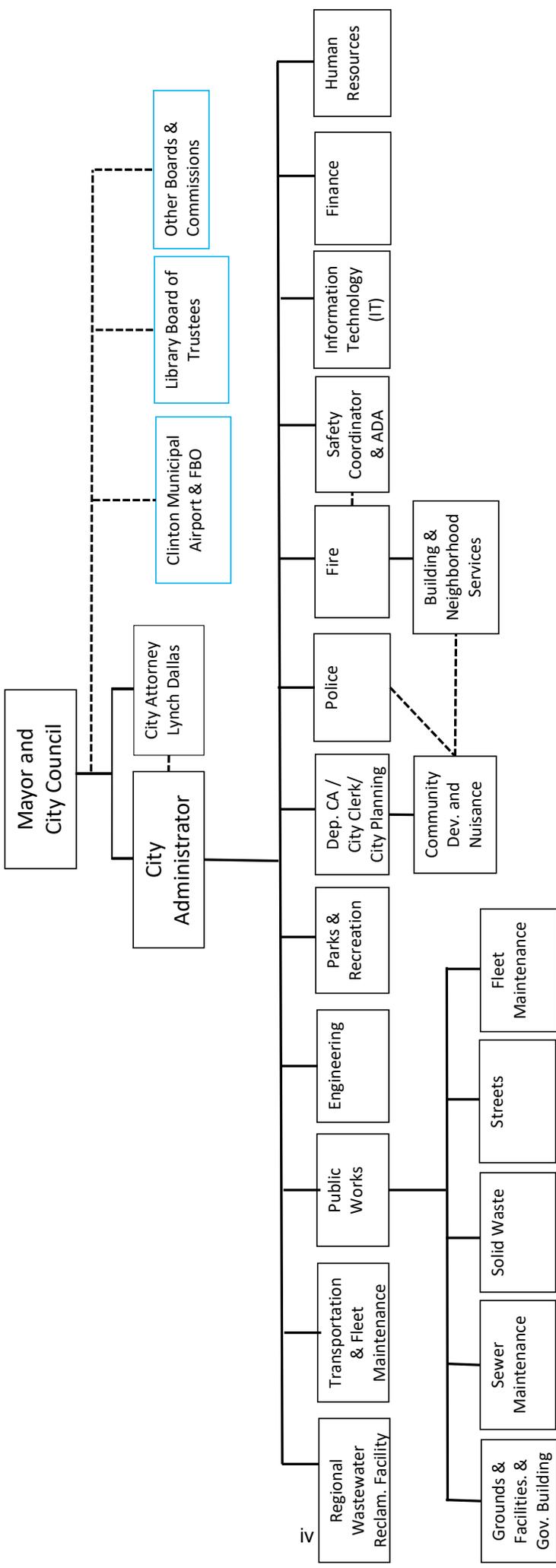
(Fiscal Year 2023)

Mayor	Scott Maddasion
Council Member	Eartha Davis
Council Member	Cody Seeley
Council Member	Bill Schemers
Council Member	Ron Mussmann
Council Member	Pat Determan
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

# City of Clinton Organizational Chart



## **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 50319-0006  
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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clinton, as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Clinton, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule 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 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

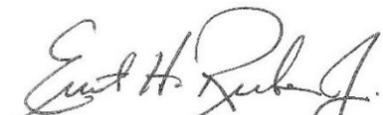
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's basic financial statements. The supplementary information included in the combining nonmajor fund financial statements is presented for purposes of additional analysis 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 April 1, 2024 on our consideration of the City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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 City of Clinton's internal control over financial reporting and compliance.

  
Ernest H. Ruben, Jr., CPA  
Chief Deputy Auditor of State

April 1, 2024

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## City of Clinton, Iowa

### Management's Discussion and Analysis Year Ended June 30, 2023

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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, 2023.

#### 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 \$132,455,954 (net position). Of this amount, (\$6,906,475) is unrestricted and is in a deficit position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$129,596,736 as of June 30, 2022, as restated. Of this amount (\$5,992,169) was unrestricted and is in a deficit position.

For fiscal year 2023, the City's net position increased \$2,859,218. Governmental activities net position increased \$2,568,077 and business-type activities net position increased \$291,141. For fiscal year 2022, the City's net position decreased \$8,028.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$12,148,281, a decrease of \$149,698 in comparison with the prior year. Approximately 35.5% of this amount, \$4,314,623, is unassigned fund balance which is available for spending at the City's discretion. As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$12,297,979, an increase of \$5,032,256 in comparison with the prior year. Approximately 41.4% of this amount, \$5,091,400, is unassigned fund balance.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,314,623, or 21.2% of total General Fund expenditures, compared to \$5,146,111, or 27.7%, as of June 30, 2022.

#### 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

## City of Clinton, Iowa

### Management's Discussion and Analysis Year Ended June 30, 2023

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the City include sewer revenue, solid waste collection, transit system, airport operations, dock operations, marina and parking system.

**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 fourteen 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 seven 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.

**City of Clinton, Iowa**

**Management’s Discussion and Analysis  
Year Ended June 30, 2023**

**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.

**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 over a year ago. Table 1 reflects total net position of \$132,455,954 at June 30, 2023, which represents an increase of \$2,859,218 from, June 30, 2022.

Table 1 - City of Clinton's Net Position

	Governmental Activities June 30, 2023	Restated Governmental Activities June 30, 2022	Business-Type Activities June 30, 2023	Restated Business-Type Activities June 30, 2022	Total June 30, 2023	Restated Total June 30, 2022
Current and other assets	\$ 35,781,177	\$ 35,687,538	\$ 127,388,965	\$ 8,721,889	\$ 163,170,142	\$ 44,409,427
Capital assets	129,015,212	122,874,453	146,707,537	139,703,138	275,722,749	262,577,591
<b>Total assets</b>	<b>164,796,389</b>	<b>158,561,991</b>	<b>274,096,502</b>	<b>148,425,027</b>	<b>438,892,891</b>	<b>306,987,018</b>
Deferred outflows of resources	3,109,944	3,352,622	369,563	406,292	3,479,507	3,758,914
Noncurrent liabilities	83,751,838	72,427,075	190,573,131	65,989,949	274,324,969	138,417,024
Other liabilities	11,355,994	10,442,556	7,487,377	5,219,592	18,843,371	15,662,148
<b>Total liabilities</b>	<b>95,107,832</b>	<b>82,869,631</b>	<b>198,060,508</b>	<b>71,209,541</b>	<b>293,168,340</b>	<b>154,079,172</b>
Deferred inflows of resources	16,157,070	24,971,628	591,034	2,098,396	16,748,104	27,070,024
Net position:						
Net investment in capital assets	58,523,868	59,330,454	69,579,443	70,587,865	128,103,311	129,918,319
Restricted	8,503,497	5,004,221	2,755,621	666,365	11,259,118	5,670,586
Unrestricted	(10,385,934)	(10,261,321)	3,479,459	4,269,152	(6,906,475)	(5,992,169)
<b>Total net position</b>	<b>\$ 56,641,431</b>	<b>\$ 54,073,354</b>	<b>\$ 75,814,523</b>	<b>\$ 75,523,382</b>	<b>\$ 132,455,954</b>	<b>\$ 129,596,736</b>

Of the City’s net position, 96.7% 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, 2022, the City’s net investment in capital assets was 100.2% of total net position. Net investment in capital assets is greater than 100% of total net position because unrestricted net position is in a deficit. 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.

**City of Clinton, Iowa**

**Management's Discussion and Analysis  
Year Ended June 30, 2023**

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The restricted portion of the City's net position is 8.5% of total net position as of June 30, 2023 and was 4.4% of total net position as of June 30, 2022. Restricted net position represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position was (\$6,906,475) as of June 30, 2023 and (\$5,992,169) as of June 30, 2022.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2023. 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, 2023

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

	Governmental Activities 2023	Not restated Governmental Activities 2022	Business-Type Activities 2023	Not restated Business-Type Activities 2022	Total 2023	Not restated Total 2022
Revenues:						
Program revenues:						
Charges for service	\$ 10,984,103	\$ 7,332,562	\$ 12,384,784	\$ 12,169,964	\$ 23,368,887	\$ 19,502,526
Operating grants and contributions	5,950,318	4,810,011	1,957,008	2,035,328	7,907,326	6,845,339
Capital grants and contributions	5,836,618	1,480,233	1,049,085	405,910	6,885,703	1,886,143
General revenues:						
Property tax	14,249,238	14,108,970	-	-	14,249,238	14,108,970
Hotel/motel tax	520,751	511,899	-	-	520,751	511,899
Local option sales tax	3,822,416	3,756,116	-	-	3,822,416	3,756,116
Tax increment financing	1,215,886	1,218,976	-	-	1,215,886	1,218,976
Gaming tax	217,559	231,303	-	-	217,559	231,303
Other tax	1,177,783	735,813	-	-	1,177,783	735,813
Commercial/industrial tax replacement	520,983	932,328	-	-	520,983	932,328
Investment earnings	695,091	592,424	58,165	49,599	753,256	642,023
Other	838,701	469,402	21,017	12,800	859,718	482,202
<b>Total revenues</b>	<b>46,029,447</b>	<b>36,180,037</b>	<b>15,470,059</b>	<b>14,673,601</b>	<b>61,499,506</b>	<b>50,853,638</b>
Expenses:						
Public safety	13,631,807	12,276,794	-	-	13,631,807	12,276,794
Public works	9,055,067	8,237,795	-	-	9,055,067	8,237,795
Health and social services	79,273	1,108,689	-	-	79,273	1,108,689
Culture and recreation	7,698,044	4,446,488	-	-	7,698,044	4,446,488
Community and economic development	5,403,966	2,693,946	-	-	5,403,966	2,693,946
General government	3,381,976	2,182,287	-	-	3,381,976	2,182,287
Interest on long-term debt	1,970,544	1,734,611	-	-	1,970,544	1,734,611
Sewer	-	-	11,981,092	13,201,750	11,981,092	13,201,750
Solid waste	-	-	1,443,400	1,374,095	1,443,400	1,374,095
Transit	-	-	2,105,930	1,835,384	2,105,930	1,835,384
Airport operations	-	-	1,111,581	1,021,102	1,111,581	1,021,102
Dock operations	-	-	2,719	2,720	2,719	2,720
Marina	-	-	774,889	746,005	774,889	746,005
<b>Total expenses</b>	<b>41,220,677</b>	<b>32,680,610</b>	<b>17,419,611</b>	<b>18,181,056</b>	<b>58,640,288</b>	<b>50,861,666</b>
<b>Excess (deficiency) before transfers</b>	<b>4,808,770</b>	<b>3,499,427</b>	<b>(1,949,552)</b>	<b>(3,507,455)</b>	<b>2,859,218</b>	<b>(8,028)</b>
Transfers	(2,240,693)	(1,160,167)	2,240,693	1,160,167	-	-
<b>Change in net position</b>	<b>2,568,077</b>	<b>2,339,260</b>	<b>291,141</b>	<b>(2,347,288)</b>	<b>2,859,218</b>	<b>(8,028)</b>
Net position, beginning, as restated						
	54,073,354	52,355,689	75,523,382	76,012,374	129,596,736	128,368,063
Net position, ending	<b>\$ 56,641,431</b>	<b>\$ 54,694,949</b>	<b>\$ 75,814,523</b>	<b>\$ 73,665,086</b>	<b>\$ 132,455,954</b>	<b>\$ 128,360,035</b>

The City's total net position increased \$2,859,218 during the year ended June 30, 2023. The governmental activities net position increased \$2,568,077 due to increases in charges for services. The business-type activities net position increased \$291,141 due to increased capital grants and contributions.

**City of Clinton, Iowa**

**Management’s Discussion and Analysis  
Year Ended June 30, 2023**

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	<b>Total Cost of Services 2023</b>	Total Cost of Services 2022	<b>Net Cost of Services 2023</b>	Net Cost of Services 2022
Public safety	\$ 13,631,807	\$ 12,276,794	\$ 10,990,185	\$ 9,761,407
Public works	9,055,067	8,237,795	(478,723)	3,274,807
Health and social services	79,273	1,108,689	(5,279)	340,890
Culture and recreation	7,698,044	4,446,488	4,532,298	3,845,745
Community and economic development	5,403,966	2,693,946	3,391,224	2,688,322
General government	3,381,976	2,182,287	(1,950,611)	(2,587,978)
Interest on long-term debt	1,970,544	1,734,611	1,970,544	1,734,611
<b>Total</b>	<b>\$ 41,220,677</b>	<b>\$ 32,680,610</b>	<b>\$ 18,449,638</b>	<b>\$ 19,057,804</b>

Net cost of services is 44.8% of total cost of services for the year ended June 30, 2023 and 58.3% for the year ended June 30, 2022. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

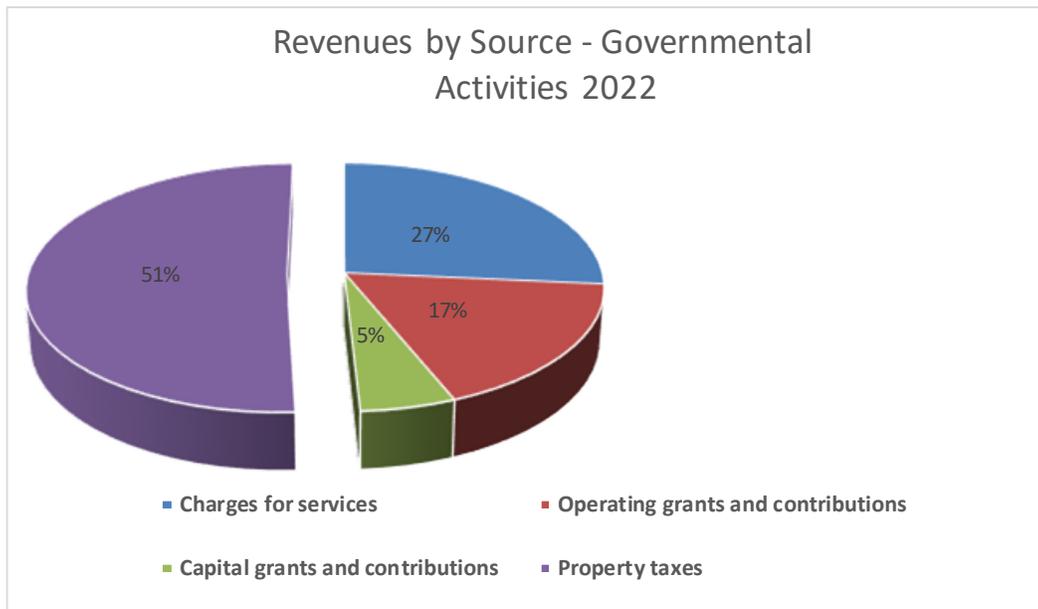
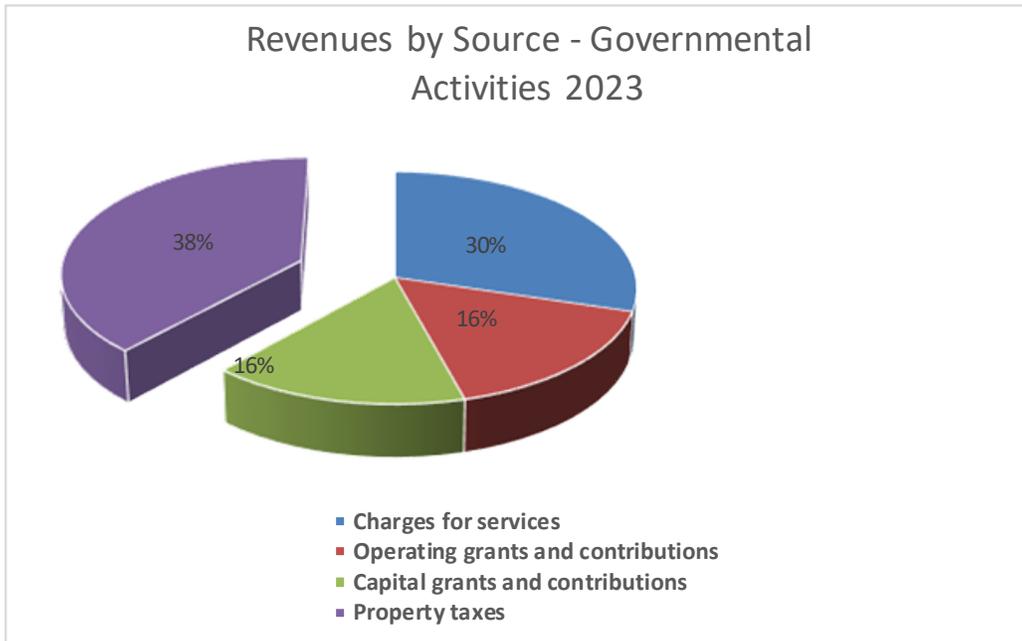
City of Clinton, Iowa

Management's Discussion and Analysis  
Year Ended June 30, 2023

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**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 2023 and 2022.



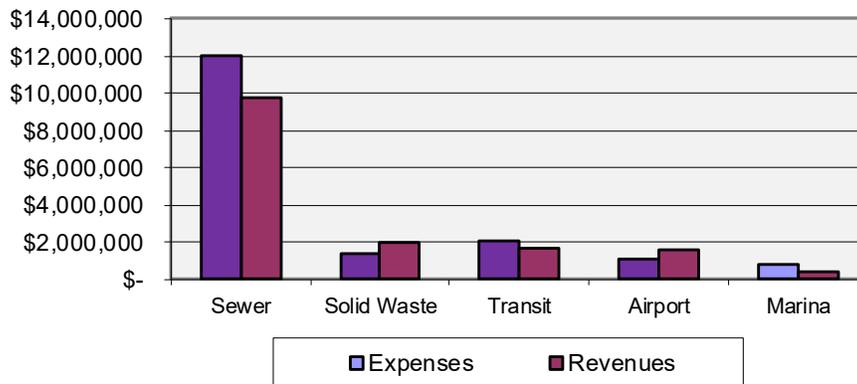
City of Clinton, Iowa

Management’s Discussion and Analysis  
Year Ended June 30, 2023

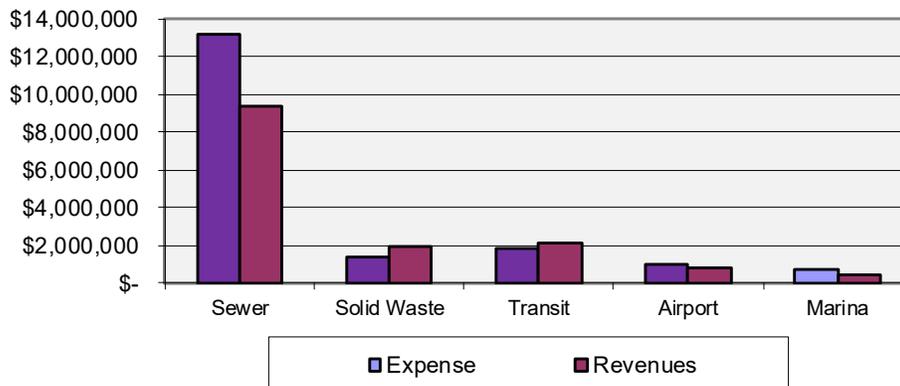
**Business-type activities:** For the year ended June 30, 2023, the business-type activities increased the City’s net position by \$291,141. For the year ended June 30, 2022, the business-type activities decreased the City’s net position \$2,347,288.

Total business-type activities revenue for the fiscal year ended June 30, 2023 was \$15,470,59. All but \$79,182 of this revenue was generated for specific business-type activity expenses. For the fiscal year ended June 30, 2022, total business-type activities revenue was \$14,673,601, all but \$62,399 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 2023 and 2022.

Expenses and Program Revenues - Business-Type Activities  
2023



Expenses and Program Revenues - Business-Type Activities  
2022



## City of Clinton, Iowa

### Management's Discussion and Analysis Year Ended June 30, 2023

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#### 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, 2023, the City's governmental funds reported combined ending fund balances of \$12,148,281, a decrease of \$149,698 from June 30, 2022. The City's unassigned fund balance was \$4,314,623 as of June 30, 2023 compared to \$5,091,400 as of June 30, 2022. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate it is 1) not in spendable form- \$139,855 2) legally required to be maintained intact or restricted for particular purposes or by third parties - \$7,693,803 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 \$4,314,623. Total fund balance of the General Fund decreased \$758,083 from \$5,205,561 at June 30, 2022 to \$4,447,478 at June 30, 2023. 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 21.2% of total General Fund expenditures compared to approximately 27.7% in the prior year, while total fund balance represents approximately 21.8% of General fund expenditures compared to approximately 28.0% 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 53.6% 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 decreased \$758,083, or 14.6% during the current fiscal year. This was primarily due to an increase in expenses during the year.

The Special Revenue, Local Option Sales Tax Fund accounts for the local option sales tax. Fund balance increased \$1,204 from \$347,116 at June 30, 2022 to \$348,320 at June 30, 2023. This was related to local option sales tax collected during the year slightly exceeding transfers to the Debt Service Fund.

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 \$264,310 from \$635,603 at June 30, 2022 to \$899,913 at June 30, 2023, due to maintaining property tax and relatively stable costs.

The Special Revenue, Tax Increment Financing Fund accounts for property tax for urban renewal. Fund balance decreased (\$18,120) from \$206,956 at June 30, 2022 to \$188,836 at June 30, 2023 due to TIF funds being returned to the County Treasurer.

## City of Clinton, Iowa

### Management's Discussion and Analysis Year Ended June 30, 2023

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The Special Revenue, Road Use Tax Fund accounts for taxes for road and street improvements. Fund balance decreased (\$166,677) from \$858,861 at June 30, 2022 to \$692,184 at June 30, 2023. The decrease was due to road use tax collections during the year falling below expenses during the year.

The Capital Projects Fund fund balance increased \$358,861 to \$4,464,201 during fiscal year 2023 from \$4,105,340 at June 30, 2022. This increase was due to the issuance of long-term debt.

The Debt Service Fund fund balance increased \$32,213 from \$327,210 at June 30, 2022 to \$359,423 at June 30, 2023. 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 net position decreased (\$450,742) primarily due to maintaining charges for services and relatively stable costs. The Solid Waste Collection Fund had a change in net position of \$424,546 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 \$26,341 primarily due to continuing 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 \$17,956,883. The budget amendment was made to adjust revenues and expenditures for tax increment financing over-collected by the County Treasurer which will be re-distributed to the taxing bodies, federal grant programs which were not budgeted at the time of the budget certification, TailGate N Tallboys Summer Concert Event which was not budgeted at the time of the budget certification, and capital project expenditures that were budgeted in the previous fiscal year that did not happen for timing reasons.

During the year, expenditures were less than budgeted except for the health and social services, culture and recreation, community and economic development and general government functions which were over budget by \$79,273, \$309,551, \$1,347,678, and \$727,089 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, 2023 totals \$275,722,749 (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, Iowa

### Management's Discussion and Analysis Year Ended June 30, 2023

City of Clinton's Capital Assets Net of Depreciation

	Governmental Activities		Business-Type		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 23,376,515	\$ 23,357,696	\$ 3,654,071	\$ 3,654,071	\$ 27,030,586	\$ 27,011,767
Construction-in-progress	9,203,595	4,046,185	12,383,167	1,720,233	21,586,762	5,766,418
Intangible assets	27,644	42,723	-	-	27,644	42,723
Machinery and equipment	3,398,591	3,332,190	2,845,213	2,586,655	6,243,804	5,918,845
Land Improvements	3,741,062	4,036,982	1,564,530	446,319	5,305,592	4,483,301
Buildings	10,611,350	10,095,998	11,782,298	12,187,316	22,393,648	22,283,314
Infrastructure	78,632,382	78,507,237	114,478,258	117,250,248	193,110,640	195,757,485
Right to use leased building	-	43,752	-	-	-	43,752
Right to use leased equipment	24,073	33,285	-	-	24,073	33,285
<b>Total</b>	<b>\$ 129,015,212</b>	<b>\$ 123,496,048</b>	<b>\$ 146,707,537</b>	<b>\$ 137,844,842</b>	<b>\$ 275,722,749</b>	<b>\$ 261,340,890</b>

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

**Debt** - As of June 30, 2023, the City had general obligation loan notes and general obligation bonds payable totaling \$68,120,000 compared to \$63,895,000 as of June 30, 2022. For the year ended June 30, 2023, the City paid \$5,035,000, in principal and \$2,266,143 in interest on outstanding general obligation debt. As of June 30, 2023, the City had \$192,654,878 in sewer revenue notes. The City paid \$3,404,000 in principal and \$1,075,739 in interest.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds and notes	\$ 68,120,000	\$ 63,895,000	\$ -	\$ -	\$ 68,120,000	\$ 63,895,000
Sewer revenue notes	-	-	192,654,878	66,922,000	192,654,878	66,922,000
SRF- P&D loans	-	-	-	1,981,922	-	1,981,922
Lease obligation	24,668	89,782	-	-	24,668	89,782
Equipment purchase agreements	-	-	122,184	248,538	122,184	248,538
Due to other government	5,212,158	5,212,158	-	-	5,212,158	5,212,158
<b>Total</b>	<b>\$ 73,356,826</b>	<b>\$ 69,196,940</b>	<b>\$ 192,777,062</b>	<b>\$ 69,152,460</b>	<b>\$ 266,133,888</b>	<b>\$ 138,349,400</b>

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 increased with tax year 2023 to \$1,441,106,350 from \$1,405,494,357 in 2022.
- The unemployment rate for Clinton County for June 2023 was 3.7% compared to 2.7% for the State of Iowa and 3.6% 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 3<sup>rd</sup> Street, Clinton, Iowa 52733-2958.

City of Clinton, Iowa

Statement of Net Position  
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 15,792,285	\$ 4,212,623	\$ 20,004,908
Receivables:			
Property tax:			
Delinquent	764,936	-	764,936
Succeeding year	14,308,130	-	14,308,130
Tax increment financing:			
Delinquent	1,757	-	1,757
Succeeding year	361,691	-	361,691
Special assessments	221,514	150,540	372,054
Loan receivable	-	121,281,200	121,281,200
Accounts, net of allowances for uncollectibles of \$1,053,955	420,191	2,162,512	2,582,703
Other	867,154	27,826	894,980
Intergovernmental	1,645,324	579,439	2,224,763
Lease receivable	-	238,256	238,256
Prepaid items	134,764	-	134,764
Internal balances	1,263,431	(1,263,431)	-
<b>Total current assets</b>	<b>35,781,177</b>	<b>127,388,965</b>	<b>163,170,142</b>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	23,376,515	3,654,071	27,030,586
Construction-in-progress	9,203,595	12,383,167	21,586,762
Depreciable:			
Machinery and equipment	20,815,334	14,603,974	35,419,308
Land improvements	7,635,916	2,321,956	9,957,872
Buildings	24,650,202	28,241,937	52,892,139
Intangibles	268,976	56,357	325,333
Infrastructure	182,066,566	220,909,453	402,976,019
Right to use leased building	-	-	-
Right to use leased equipment	46,059	-	46,059
Less accumulated depreciation	(139,047,951)	(135,463,378)	(274,511,329)
<b>Total capital assets</b>	<b>129,015,212</b>	<b>146,707,537</b>	<b>275,722,749</b>
<b>Total assets</b>	<b>164,796,389</b>	<b>274,096,502</b>	<b>438,892,891</b>
Deferred Outflows of Resources:			
OPEB related deferred outflows	151,385	31,997	183,382
Pension related deferred outflows	2,958,559	337,566	3,296,125
<b>Total deferred outflows of resources</b>	<b>3,109,944</b>	<b>369,563</b>	<b>3,479,507</b>

See Notes to Basic Financial Statements.

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
Liabilities			
Current liabilities:			
Accounts payable	3,378,015	3,317,186	6,695,201
Salaries payable	898,751	-	898,751
Contracts payable	204,939	319,527	524,466
Claims payable	562,465	-	562,465
Accrued interest payable	179,593	127,211	306,804
Unearned revenue	479,214	-	479,214
Compensated absences	833,833	137,174	971,007
Current portion of lease obligation	9,184	-	9,184
Current portion of equipment purchase agreements	-	91,279	91,279
Current portion of notes	4,810,000	3,495,000	8,305,000
<b>Total current liabilities</b>	<b>11,355,994</b>	<b>7,487,377</b>	<b>18,843,371</b>
Noncurrent liabilities:			
Total OPEB liability	1,063,390	224,756	1,288,146
Net pension liability	11,804,130	1,157,592	12,961,722
Due to other government	5,212,158	-	5,212,158
General obligation notes, net	65,656,676	-	65,656,676
Lease obligation	15,484	-	15,484
Equipment purchase agreements	-	30,905	30,905
Sewer revenue notes	-	189,159,878	189,159,878
<b>Total noncurrent liabilities</b>	<b>83,751,838</b>	<b>190,573,131</b>	<b>274,324,969</b>
<b>Total liabilities</b>	<b>95,107,832</b>	<b>198,060,508</b>	<b>293,168,340</b>
Deferred inflows of resources:			
Succeeding year property tax	14,308,129	-	14,308,129
Tax increment financing	361,691	-	361,691
Pension related deferred inflows	1,099,862	270,900	1,370,762
OPEB related deferred inflows	387,388	81,878	469,266
Lease receivable	-	238,256	238,256
<b>Total deferred inflows of resources</b>	<b>16,157,070</b>	<b>591,034</b>	<b>16,748,104</b>
Net Position:			
Net investment in capital assets	58,523,868	69,579,443	128,103,311
Restricted for:			
Nonexpendable endowment corpus	7,000	-	7,000
Streets	692,184	-	692,184
Capital improvements	4,826,188	2,755,621	7,581,809
Community programs and services	1,301,916	-	1,301,916
Employee benefits	1,069,378	-	1,069,378
Other purposes	2,166	-	2,166
Debt service	604,665	-	604,665
Unrestricted	(10,385,934)	3,479,459	(6,906,475)
<b>Total net position</b>	<b>\$ 56,641,431</b>	<b>\$ 75,814,523</b>	<b>\$ 132,455,954</b>

City of Clinton, Iowa

Statement of Activities  
Year Ended June 30, 2023

Functions/Programs:	Expenses	Program Revenues	
		Charges for Sales and Services	Operating Grants and Contributions
Governmental activities:			
Public safety	\$ 13,631,807	2,180,612	\$ 401,239
Public works	9,055,067	319,982	3,436,961
Health and social services	79,273	-	84,552
Culture and recreation	7,698,044	3,145,128	20,618
Community and economic development	5,403,966	6,302	2,006,440
General government	3,381,976	5,332,079	508
Interest and fiscal charges on long-term debt	1,970,544	-	-
<b>Total governmental activities</b>	<b>41,220,677</b>	<b>10,984,103</b>	<b>5,950,318</b>
Business-type activities:			
Sewer	11,981,092	9,325,835	417,525
Solid waste collection	1,443,400	1,945,783	-
Transit system	2,105,930	265,888	1,403,983
Airport operations	1,111,581	415,153	135,500
Dock operations	2,719	-	-
Marina	774,889	432,125	-
<b>Total business-type activities</b>	<b>17,419,611</b>	<b>12,384,784</b>	<b>1,957,008</b>
<b>Total</b>	<b>\$ 58,640,288</b>	<b>\$ 23,368,887</b>	<b>\$ 7,907,326</b>

**General Revenues**

Taxes:

- Property taxes
- Hotel/motel tax
- Local option sales tax
- Tax increment financing
- Gaming tax
- Other tax
- Commercial/industrial tax replacement
- Gain on sale of capital asset
- Investment earnings
- Miscellaneous

**Transfers**

**Total general revenues and transfers**

Changes in net position

Net position, beginning of year, as restated

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		
	Governmental Activities	Business-Type Activities	Total
\$ 59,771	\$ (10,990,185)	\$ -	\$ (10,990,185)
5,776,847	478,723	-	478,723
-	5,279	-	5,279
-	(4,532,298)	-	(4,532,298)
-	(3,391,224)	-	(3,391,224)
-	1,950,611	-	1,950,611
-	(1,970,544)	-	(1,970,544)
5,836,618	(18,449,638)	-	(18,449,638)
-	-	(2,237,732)	(2,237,732)
-	-	502,383	502,383
-	-	(436,059)	(436,059)
1,049,085	-	488,157	488,157
-	-	(2,719)	(2,719)
-	-	(342,764)	(342,764)
1,049,085	-	(2,028,734)	(2,028,734)
<u>\$ 6,885,703</u>	<u>(18,449,638)</u>	<u>(2,028,734)</u>	<u>(20,478,372)</u>
	14,249,238	-	14,249,238
	520,751	-	520,751
	3,822,416	-	3,822,416
	1,215,886	-	1,215,886
	217,559	-	217,559
	1,177,783	-	1,177,783
	520,983	-	520,983
	255,333	21,017	276,350
	695,091	58,165	753,256
	583,368	-	583,368
	(2,240,693)	2,240,693	-
	21,017,715	2,319,875	23,337,590
	2,568,077	291,141	2,859,218
	54,073,354	75,523,382	129,596,736
<u>\$ 56,641,431</u>	<u>\$ 75,814,523</u>	<u>\$ 132,455,954</u>	

City of Clinton, Iowa

**Balance Sheet  
Governmental Funds  
June 30, 2023**

Assets	General	Special	
		Local Option Sales Tax	Employee Benefits
Cash, cash equivalents and investments	\$ 2,198,732	\$ 27,341	\$ 841,404
Receivables:			
Property tax:			
Delinquent	445,389	-	227,974
Succeeding year	7,913,143	-	4,422,136
Tax increment financing:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts, net of allowance \$180,081	420,191	-	-
Intergovernmental	35,299	320,979	-
Special assessments	28,343	-	-
Other	438,383	-	-
Prepaid items	132,855	-	-
Due from other funds	2,349,079	-	-
Advances to other funds	-	-	-
<b>Total assets</b>	<b>\$ 13,961,414</b>	<b>\$ 348,320</b>	<b>\$ 5,491,514</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 392,993	\$ -	\$ -
Salaries payable	848,801	-	-
Contracts payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
<b>Total liabilities</b>	<b>1,241,794</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	7,913,143	-	4,422,136
Tax increment financing	-	-	-
Special assessments	28,343	-	-
Delinquent taxes	330,656	-	169,465
Other	-	-	-
<b>Total deferred inflows of resources</b>	<b>8,272,142</b>	<b>-</b>	<b>4,591,601</b>
Fund balances:			
Nonspendable:			
Prepaid items	132,855	-	-
Endowment corpus	-	-	-
Restricted:			
Debt service	-	-	-
Streets	-	-	-
Capital improvements	-	174,160	-
Community programs and services	-	174,160	-
Employee benefits	-	-	899,913
Other	-	-	-
Unassigned	4,314,623	-	-
<b>Total fund balances</b>	<b>4,447,478</b>	<b>348,320</b>	<b>899,913</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,961,414</b>	<b>\$ 348,320</b>	<b>\$ 5,491,514</b>

See Notes to Basic Financial Statements.

Revenue						
Tax Increment Financing	Road Use Tax	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total	
\$ 187,079	\$ 650,106	\$ 6,526,716	\$ 310,064	\$ 1,497,421	\$ 12,238,863	
-	-	-	75,765	15,808	764,936	
-	-	-	1,635,324	337,527	14,308,130	
1,757	-	-	-	-	1,757	
361,691	-	-	-	-	361,691	
-	-	-	-	-	420,191	
-	274,994	70,000	-	944,052	1,645,324	
-	-	4,847	-	188,324	221,514	
-	-	370,573	-	58,198	867,154	
-	-	-	-	-	132,855	
-	-	-	-	-	2,349,079	
-	-	-	30,000	-	30,000	
<u>\$ 550,527</u>	<u>\$ 925,100</u>	<u>\$ 6,972,136</u>	<u>\$ 2,051,153</u>	<u>\$ 3,041,330</u>	<u>\$ 33,341,494</u>	
\$ -	\$ 183,020	\$ 1,818,935	\$ -	\$ 862,868	\$ 3,257,816	
-	49,896	-	-	54	898,751	
-	-	204,939	-	-	204,939	
-	-	-	-	520,980	520,980	
-	-	479,214	-	-	479,214	
-	232,916	2,503,088	-	1,383,902	5,361,700	
-	-	-	1,635,324	337,526	14,308,129	
361,691	-	-	-	-	361,691	
-	-	4,847	-	-	33,190	
-	-	-	56,406	9,996	566,523	
-	-	-	-	561,980	561,980	
<u>361,691</u>	<u>-</u>	<u>4,847</u>	<u>1,691,730</u>	<u>909,502</u>	<u>15,831,513</u>	
-	-	-	-	-	132,855	
-	-	-	-	7,000	7,000	
188,836	-	-	359,423	-	548,259	
-	692,184	-	-	-	692,184	
-	-	4,464,201	-	-	4,638,361	
-	-	-	-	738,760	912,920	
-	-	-	-	-	899,913	
-	-	-	-	2,166	2,166	
-	-	-	-	-	4,314,623	
<u>188,836</u>	<u>692,184</u>	<u>4,464,201</u>	<u>359,423</u>	<u>747,926</u>	<u>12,148,281</u>	
<u>\$ 550,527</u>	<u>\$ 925,100</u>	<u>\$ 6,972,136</u>	<u>\$ 2,051,153</u>	<u>\$ 3,041,330</u>	<u>\$ 33,341,494</u>	

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**City of Clinton, Iowa**

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2023**

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Total governmental fund balances \$ 12,148,281

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	\$ 268,063,163	
Accumulated depreciation	(139,047,951)	129,015,212

Other long-term assets are not available to pay for current-year expenditures and, therefore, are reported as unavailable in the funds:

Special assessments	33,190	
Delinquent property tax	566,523	
Other	561,980	1,161,693

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	(4,810,000)	
General obligation notes, noncurrent	(63,310,000)	
Bond premium	(2,346,676)	
Accrued interest payable	(179,593)	
Lease liability	(24,668)	
Compensated absences, current	(833,833)	
Total OPEB obligation	(1,063,390)	
Due to other government	(5,212,158)	
Net pension liability	(11,804,130)	(89,584,448)

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	2,958,559	
Pension related deferred inflows of resources	(1,099,862)	
OPEB related deferred outflows of resources	151,385	
OPEB related deferred inflows of resources	(387,388)	1,622,694

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	3,555,331	
Other current liabilities	(682,664)	
Internal Service Fund allocated to business-type activities	(594,668)	2,277,999

<b>Net position of governmental activities</b>		<b>\$ 56,641,431</b>
		<b>\$ 56,641,431</b>

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, 2023**

	Special		
	General	Local Option Sales Tax	Employee Benefits
Revenues:			
Property tax	\$ 8,217,409	\$ -	\$ 4,172,784
Tax increment financing	-	-	-
Other city tax	1,464,544	3,916,766	470,687
Licenses and permits	4,695,518	-	-
Use of money and property	492,911	924	-
Intergovernmental	754,086	-	166,663
Charges for service	1,982,181	-	-
Miscellaneous	452,025	-	-
<b>Total revenues</b>	<b>18,058,674</b>	<b>3,917,690</b>	<b>4,810,134</b>
Expenditures:			
Current:			
Public safety	13,448,206	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	3,393,908	-	-
Community and economic development	957,801	-	-
General government	2,564,677	-	12,765
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<b>Total expenditures</b>	<b>20,364,592</b>	<b>-</b>	<b>12,765</b>
<b>Revenues over (under) expenditures</b>	<b>(2,305,918)</b>	<b>3,917,690</b>	<b>4,797,369</b>
Other financing sources (uses):			
Proceeds from long-term debt	-	-	-
Note premium	-	-	-
Capital contributions	-	-	-
Proceeds from sale of capital assets	161,285	-	-
Transfers in	5,047,267	-	-
Transfers out	(3,660,717)	(3,916,486)	(4,533,059)
<b>Total other financing sources (uses)</b>	<b>1,547,835</b>	<b>(3,916,486)</b>	<b>(4,533,059)</b>
<b>Net change in fund balances</b>	<b>(758,083)</b>	<b>1,204</b>	<b>264,310</b>
Fund balances, beginning of year	5,205,561	347,116	635,603
Fund balances, ending of year	<b>\$ 4,447,478</b>	<b>\$ 348,320</b>	<b>\$ 899,913</b>

See Notes to Basic Financial Statements.

Revenue						
Tax Increment Financing	Road Use Tax	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total	
\$ -	\$ -	\$ -	\$ 1,432,016	\$ 245,169	\$ 14,067,378	
1,215,886	-	-	-	-	1,215,886	
-	-	-	155,073	346,772	6,353,842	
-	7,275	-	-	51,067	4,753,860	
-	6,124	322,733	4,451	16,039	843,182	
-	3,436,961	4,620,153	49,575	2,262,955	11,290,393	
-	-	-	-	2,643,565	4,625,746	
-	202,102	1,020,297	-	140,087	1,814,511	
1,215,886	3,652,462	5,963,183	1,641,115	5,705,654	44,964,798	
-	-	-	-	38,360	13,486,566	
-	3,798,795	-	-	42,142	3,840,937	
-	-	-	-	79,273	79,273	
-	-	-	-	3,275,821	6,669,729	
1,124,839	-	-	-	3,321,326	5,403,966	
-	-	-	-	629,315	3,206,757	
-	-	13,335,805	-	-	13,335,805	
-	-	-	5,035,000	-	5,035,000	
-	-	-	2,266,143	-	2,266,143	
-	-	-	9,009	-	9,009	
1,124,839	3,798,795	13,335,805	7,310,152	7,386,237	53,333,185	
91,047	(146,333)	(7,372,622)	(5,669,037)	(1,680,583)	(8,368,387)	
-	-	8,560,000	-	700,000	9,260,000	
-	-	444,049	-	-	444,049	
-	-	-	-	500,000	500,000	
-	4,543	89,505	-	-	255,333	
-	4,061	292,340	5,701,250	1,110,398	12,155,316	
(109,167)	(28,948)	(1,654,411)	-	(493,221)	(14,396,009)	
(109,167)	(20,344)	7,731,483	5,701,250	1,817,177	8,218,689	
(18,120)	(166,677)	358,861	32,213	136,594	(149,698)	
206,956	858,861	4,105,340	327,210	611,332	12,297,979	
\$ 188,836	\$ 692,184	\$ 4,464,201	\$ 359,423	\$ 747,926	\$ 12,148,281	

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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, 2023**

Net change in fund balances - governmental funds		\$ (149,698)
<p>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:</p>		
Capital outlay		13,439,974
Depreciation:		
Public safety	\$ (825,533)	
Public works	(5,024,906)	
Culture and recreation	(999,497)	
General government	(128,642)	(6,978,578)
Proceeds from sale of capital assets	(255,333)	
Gain on disposal of capital assets	(65,304)	(320,637)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Special assessments	(42,078)	
Local option sales tax	(94,350)	
Delinquent taxes	181,860	
Other	308,117	353,549
<p>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:</p>		
Pension expense	(1,017,330)	
Change in compensated absences	(80,021)	
Change in other postemployment benefits obligation	110,744	(986,607)
<p>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</p>		
Change in Internal Service Fund allocation to business-type activities		(482,017) 67,360
<p>The current year City employer share of IPERS and MFPRSI contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the statement of net position.</p>		
		1,924,058
<p>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:</p>		
Issuance of long-term debt	(9,260,000)	
Premium on issuance of long-term debt	(444,049)	
Bond premium amortization	318,410	
Repayment of bonds and notes principal	5,035,000	
Payment of leased obligations	65,114	
Accrued interest payable	(13,802)	(4,299,327)
<b>Change in net position of governmental activities</b>		<b>\$ 2,568,077</b>

See Notes to Basic Financial Statements.

City of Clinton, Iowa

**Statement of Net Position  
Proprietary Funds  
June 30, 2023**

Assets	Enterprise				Total Enterprise Funds	Internal Service Health Insurance
	Sewer	Solid Waste Collection	Transit	Nonmajor Enterprise		
<b>Current assets:</b>						
Cash and cash equivalents	\$ -	\$ 1,795,502	\$ 1,658,396	\$ 758,725	\$ 4,212,623	\$ 3,553,422
Receivables, net of allowance for uncollectible amounts of \$873,874:						
Service fees	1,685,409	477,103	-	-	2,162,512	-
Special assessments	130,662	19,878	-	-	150,540	-
Loan receivable	121,281,200	-	-	-	121,281,200	-
Other	-	728	260	26,838	27,826	-
Intergovernmental	-	-	463,939	115,500	579,439	-
Lease receivable	-	-	-	238,256	238,256	-
Prepays	-	-	-	-	-	1,909
<b>Total current assets</b>	<b>123,097,271</b>	<b>2,293,211</b>	<b>2,122,595</b>	<b>1,139,319</b>	<b>128,652,396</b>	<b>3,555,331</b>
<b>Noncurrent assets:</b>						
Capital assets:						
Nondepreciable:						
Land	2,377,526	-	84,600	1,191,945	3,654,071	-
Construction-in-progress	12,241,591	-	28,177	113,399	12,383,167	-
Depreciable:						
Machinery and equipment	5,870,440	2,578,363	5,766,062	389,109	14,603,974	-
Land improvements	519,058	36,000	-	1,766,898	2,321,956	-
Buildings	21,826,105	173,685	2,152,608	4,089,539	28,241,937	-
Intangibles	35,756	-	8,200	12,401	56,357	-
Infrastructure	189,922,470	-	15,800	30,971,183	220,909,453	-
Accumulated depreciation	(103,800,559)	(1,746,839)	(6,186,217)	(23,729,763)	(135,463,378)	-
<b>Total noncurrent assets</b>	<b>128,992,387</b>	<b>1,041,209</b>	<b>1,869,230</b>	<b>14,804,711</b>	<b>146,707,537</b>	<b>-</b>
<b>Total assets</b>	<b>252,089,658</b>	<b>3,334,420</b>	<b>3,991,825</b>	<b>15,944,030</b>	<b>275,359,933</b>	<b>3,555,331</b>
<b>Deferred outflows of resources:</b>						
OPEB related deferred outflows	14,607	3,956	11,969	1,465	31,997	-
Pension related deferred outflows	142,590	51,844	133,290	9,842	337,566	-
<b>Total deferred outflows of resources</b>	<b>157,197</b>	<b>55,800</b>	<b>145,259</b>	<b>11,307</b>	<b>369,563</b>	<b>-</b>
<b>Liabilities and Net Position</b>						
<b>Current liabilities:</b>						
Accounts payable	3,123,347	58,686	73,101	62,052	3,317,186	120,199
Contracts payable	319,527	-	-	-	319,527	-
Accrued interest payable	127,211	-	-	-	127,211	-
Compensated absences	44,820	20,770	66,512	5,072	137,174	-
Claims payable	-	-	-	-	-	562,465
Equipment purchase agreements	91,279	-	-	-	91,279	-
Notes payable	3,495,000	-	-	-	3,495,000	-
Due to other funds	1,822,164	-	-	5,935	1,828,099	-
<b>Total current liabilities</b>	<b>9,023,348</b>	<b>79,456</b>	<b>139,613</b>	<b>73,059</b>	<b>9,315,476</b>	<b>682,664</b>
<b>Noncurrent liabilities:</b>						
Total OPEB liability	102,602	27,788	84,077	10,289	224,756	-
Notes payable	189,159,878	-	-	-	189,159,878	-
Equipment purchase agreements	30,905	-	-	-	30,905	-
Net pension liability	488,974	177,784	457,084	33,750	1,157,592	-
Advance to other funds	-	-	-	30,000	30,000	-
<b>Total noncurrent liabilities</b>	<b>189,782,359</b>	<b>205,572</b>	<b>541,161</b>	<b>74,039</b>	<b>190,603,131</b>	<b>-</b>
<b>Total liabilities</b>	<b>198,805,707</b>	<b>285,028</b>	<b>680,774</b>	<b>147,098</b>	<b>199,918,607</b>	<b>682,664</b>
<b>Deferred inflows of resources:</b>						
OPEB related deferred inflows	37,378	10,123	30,629	3,748	81,878	-
Pension related deferred inflows	114,430	41,604	106,968	7,898	270,900	-
Lease receivable	-	-	-	238,256	238,256	-
<b>Total deferred inflows of resources</b>	<b>151,808</b>	<b>51,727</b>	<b>137,597</b>	<b>249,902</b>	<b>591,034</b>	<b>-</b>
<b>Net position:</b>						
Net investment in capital assets	51,864,293	1,041,209	1,869,230	14,804,711	69,579,443	-
Restricted for capital improvements	2,755,621	-	-	-	2,755,621	-
Unrestricted	(1,330,574)	2,012,256	1,449,483	753,626	2,884,791	2,872,667
<b>Total net position</b>	<b>\$ 53,289,340</b>	<b>\$ 3,053,465</b>	<b>\$ 3,318,713</b>	<b>\$ 15,558,337</b>	<b>\$ 75,219,855</b>	<b>\$ 2,872,667</b>

See Notes to Basic Financial Statements.

**City of Clinton, Iowa**

**Reconciliation of Enterprise Funds Net Position  
to the Statement of Net Position  
June 30, 2023**

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Total enterprise funds net position \$ 75,219,855

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.

594,668

**Net position of business-type activities**

\$ 75,814,523

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, 2023**

	Enterprise			Nonmajor Enterprise	Total Enterprise Funds	Internal Service
	Sewer	Solid Waste Collection	Transit			Health Insurance
Operating revenues:						
Charges for service	\$ 9,109,396	\$ 1,945,783	\$ 226,075	\$ 445,369	\$ 11,726,623	\$ 3,278,425
Property rental	-	-	-	388,462	388,462	-
Miscellaneous	216,439	-	39,813	13,447	269,699	48,800
<b>Total operating revenues</b>	<b>9,325,835</b>	<b>1,945,783</b>	<b>265,888</b>	<b>847,278</b>	<b>12,384,784</b>	<b>3,327,225</b>
Operating expenses:						
Personal services	1,447,833	518,142	1,363,167	139,137	3,468,279	-
Commodities	-	237,925	338,152	418,980	995,057	-
Contractual services	1,112,813	48,910	76,914	126,086	1,364,723	3,869,345
Repairs, maintenance and utilities	1,743,618	423,545	63,862	183,271	2,414,296	-
Miscellaneous	381,759	-	-	-	381,759	-
Depreciation	6,188,651	206,575	238,565	1,018,607	7,652,398	-
<b>Total operating expenses</b>	<b>10,874,674</b>	<b>1,435,097</b>	<b>2,080,660</b>	<b>1,886,081</b>	<b>16,276,512</b>	<b>3,869,345</b>
<b>Operating income (loss)</b>	<b>(1,548,839)</b>	<b>510,686</b>	<b>(1,814,772)</b>	<b>(1,038,803)</b>	<b>(3,891,728)</b>	<b>(542,120)</b>
Nonoperating revenues (expenses):						
Investment earnings	10,953	4,221	29,077	13,914	58,165	60,103
Gain on disposal of capital assets	2,116	14,307	100	4,494	21,017	-
Interest expense and fiscal charges	(1,075,739)	-	-	-	(1,075,739)	-
Intergovernmental	417,525	-	1,403,983	135,500	1,957,008	-
<b>Net nonoperating revenues (expenses)</b>	<b>(645,145)</b>	<b>18,528</b>	<b>1,433,160</b>	<b>153,908</b>	<b>960,451</b>	<b>60,103</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(2,193,984)</b>	<b>529,214</b>	<b>(381,612)</b>	<b>(884,895)</b>	<b>(2,931,277)</b>	<b>(482,017)</b>
Capital contributions	-	-	-	1,049,085	1,049,085	-
Transfers in	1,743,242	-	427,375	219,350	2,389,967	-
Transfers out	-	(104,668)	(19,422)	(25,184)	(149,274)	-
<b>Change in net position</b>	<b>(450,742)</b>	<b>424,546</b>	<b>26,341</b>	<b>358,356</b>	<b>358,501</b>	<b>(482,017)</b>
Total net position, beginning of year, as restated	53,740,082	2,628,919	3,292,372	15,199,981	74,861,354	3,354,684
Total net position, end of year	<b>\$ 53,289,340</b>	<b>\$ 3,053,465</b>	<b>\$ 3,318,713</b>	<b>\$ 15,558,337</b>	<b>\$ 75,219,855</b>	<b>\$ 2,872,667</b>

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, 2023**

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Net changes in net position in enterprise funds \$ 358,501

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.

(67,360)

**Change in net position of business-type activities**

**\$ 291,141**

See Notes to Basic Financial Statements.

City of Clinton, Iowa

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2023**

	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	\$ 9,495,012	\$ 1,919,423	\$ 293,361	\$ 870,931	\$ 12,578,727	\$ 3,421,182
Payments to suppliers	(1,051,306)	(692,214)	(524,402)	(708,660)	(2,976,582)	(3,770,975)
Payments to employees	(1,627,713)	(584,381)	(1,473,609)	(176,181)	(3,861,884)	-
<b>Net cash provided by (used in) operating activities</b>	<b>6,815,993</b>	<b>642,828</b>	<b>(1,704,650)</b>	<b>(13,910)</b>	<b>5,740,261</b>	<b>(349,793)</b>
Cash flows from noncapital financing activities:						
Intergovernmental	305,224	-	1,560,616	645,115	2,510,955	-
Due to other funds	(782,235)	-	-	-	(782,235)	-
Due from other funds	-	-	-	187,168	187,168	-
Transfers in	1,743,242	-	427,376	219,350	2,389,968	-
Transfers out	-	(104,668)	(19,423)	(25,184)	(149,275)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>1,266,231</b>	<b>(104,668)</b>	<b>1,968,569</b>	<b>1,026,449</b>	<b>4,156,581</b>	<b>-</b>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(10,319,802)	(549,007)	(419,314)	(939,243)	(12,227,366)	-
Proceeds from long term debt	6,699,449	-	-	-	6,699,449	-
Payment on debt	(3,530,354)	(37,184)	-	-	(3,567,538)	-
Interest and fiscal charges on debt	(1,036,585)	-	-	-	(1,036,585)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(8,187,292)</b>	<b>(586,191)</b>	<b>(419,314)</b>	<b>(939,243)</b>	<b>(10,132,040)</b>	<b>-</b>
Cash flows from investing activities, investment earnings						
	10,953	4,221	29,077	11,468	55,719	60,103
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(94,115)</b>	<b>(43,810)</b>	<b>(126,318)</b>	<b>84,764</b>	<b>(179,479)</b>	<b>(289,690)</b>
Cash and cash equivalents, beginning of year	94,115	1,839,312	1,784,714	673,961	4,392,102	3,843,112
Cash and cash equivalents, end of year	\$ -	\$ 1,795,502	\$ 1,658,396	\$ 758,725	\$ 4,212,623	\$ 3,553,422

(Continued)

City of Clinton, Iowa

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 Year Ended June 30, 2023

	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)	\$ (1,548,839)	\$ 510,686	\$ (1,814,772)	\$ (1,038,803)	\$ (3,891,728)	\$ (542,120)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	6,188,651	206,575	238,565	1,018,607	7,652,398	-
Change in assets and liabilities:						
Receivables	104,740	(38,770)	27,473	23,653	117,096	93,957
Special assessments	64,437	12,410	-	-	76,847	-
Prepays	-	-	-	-	-	(969)
Accounts payable	1,969,558	18,166	(45,474)	19,677	1,961,927	(8,649)
Contracts payable	217,326	-	-	-	217,326	-
Compensated absences	(26,574)	687	15,696	3,644	(6,547)	-
Pension liability and related deferrals	(135,103)	(52,092)	(150,488)	(39,743)	(377,426)	-
Claims payable	-	-	-	-	-	107,988
Total OPEB liability	(18,203)	(14,834)	24,350	(945)	(9,632)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,815,993</b>	<b>\$ 642,828</b>	<b>\$ (1,704,650)</b>	<b>\$ (13,910)</b>	<b>\$ 5,740,261</b>	<b>\$ (349,793)</b>
Noncash capital and related financing activities, change in SRF loan receivable and payable	\$120,260,506	\$ -	\$ -	\$ -	\$120,260,506	\$ -
Capital contributions	\$ -	\$ -	\$ -	\$ 1,049,085	\$ 1,049,085	\$ -

See Notes to Basic Financial Statements.

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## City of Clinton, Iowa

### Notes to Basic Financial Statements

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#### **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

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#### **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

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**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, Tailgate N Tallboys 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

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#### **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

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#### **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 2023 tax levy recorded as taxes receivable was certified in March 2023 based on the 2022 assessed valuations. These taxes are due in two installments, on September 1, 2023 and March 1, 2024 with a 1.5% per month penalty for delinquent payment. Since the 2023 tax levy is budgeted and levied for the 2024 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**

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**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 including right-to-use leased 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.

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.

Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs to place the assets in service. Subsequently, the leased assets are amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the asset, as shown below.

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

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#### **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.

Unearned revenue: Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the City has not made a qualifying expenditures. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities of the government-wide financial statements. The City recognizes lease liabilities with an initial, individual net present value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs to place the asset in service. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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#### **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 monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for a noncancellable lease for space for marina amenities in the Marina building. The City recognizes a lease receivable and a deferred inflow of resources in the business type activities and business type fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 net assets 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 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.

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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

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.

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 (MFPRSI) and additions to/deductions from IPERS' and MFPRSI's fiduciary net position have been determined on the same basis as they are reported by IPERS and MFPRSI. 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.

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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

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.

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 health and social services, culture and recreation, community and economic development, and general government for the year ended June 30, 2023.

#### **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, 2023, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$240,784 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, 2023, 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, 2023 follows:

Depository accounts	\$ 19,764,124
Iowa Public Agency Investment Trust	240,784
<b>Total</b>	<b><u>\$ 20,004,908</u></b>

**Note 3. Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Restated June 30, 2022 Balance	Additions	Deletions	June 30, 2023 Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 23,357,696	\$ 239,140	\$ 220,321	\$ 23,376,515
Construction-in-progress	3,424,590	10,499,236	4,720,231	9,203,595
<b>Total capital assets not being depreciated/amortized</b>	<b>26,782,286</b>	<b>10,738,376</b>	<b>4,940,552</b>	<b>32,580,110</b>
Capital assets being depreciated/amortized:				
Machinery and equipment	19,867,582	1,058,444	110,692	20,815,334
Land Improvements	7,635,916	-	-	7,635,916
Buildings	23,422,815	1,227,387	-	24,650,202
Intangibles	268,976	-	-	268,976
Infrastructure	177,020,073	5,046,493	-	182,066,566
Right to use leased building	875,111	-	875,111	-
Right to use leased equipment	46,059	-	-	46,059
<b>Total capital assets being depreciated/amortized</b>	<b>229,136,532</b>	<b>7,332,324</b>	<b>985,803</b>	<b>235,483,053</b>
Less accumulated depreciation/amortization for:				
Machinery and equipment	16,535,392	981,232	99,881	17,416,743
Land Improvements	3,598,934	295,920	-	3,894,854
Buildings	13,326,817	712,035	-	14,038,852
Intangibles	226,253	15,079	-	241,332
Infrastructure	98,512,836	4,921,348	-	103,434,184
Right to use leased building	831,359	43,752	875,111	-
Right to use leased equipment	12,774	9,212	-	21,986
<b>Total accumulated depreciation/amortization</b>	<b>133,044,365</b>	<b>6,978,578</b>	<b>974,992</b>	<b>139,047,951</b>
<b>Total capital assets being depreciated/amortized, net</b>	<b>96,092,167</b>	<b>353,746</b>	<b>10,811</b>	<b>96,435,102</b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 122,874,453</u></b>	<b><u>\$ 11,092,122</u></b>	<b><u>\$ 4,951,363</u></b>	<b><u>\$ 129,015,212</u></b>

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Restated			June 30, 2023
	June 30, 2022			
	Balance	Additions	Deletions	Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 3,654,071	\$ -	\$ -	\$ 3,654,071
Construction-in-progress	3,578,529	12,634,565	3,829,927	12,383,167
<b>Total capital assets not being depreciated/amortized</b>	<b>7,232,600</b>	<b>12,634,565</b>	<b>3,829,927</b>	<b>16,037,238</b>
Machinery and equipment	13,851,357	952,871	200,254	14,603,974
Land Improvements	1,120,027	1,201,929	-	2,321,956
Buildings	28,213,947	27,990	-	28,241,937
Intangibles	56,357	-	-	56,357
Infrastructure	217,232,369	3,677,084	-	220,909,453
<b>Total capital assets being depreciated/amortized</b>	<b>260,474,057</b>	<b>5,859,874</b>	<b>200,254</b>	<b>266,133,677</b>
Less accumulated depreciation/amortization for:				
Machinery and equipment	11,264,702	686,598	192,539	11,758,761
Land Improvements	673,708	83,718	-	757,426
Buildings	16,026,631	433,008	-	16,459,639
Intangibles	56,357	-	-	56,357
Infrastructure	99,982,121	6,449,074	-	106,431,195
<b>Total accumulated depreciation/amortization</b>	<b>128,003,519</b>	<b>7,652,398</b>	<b>192,539</b>	<b>135,463,378</b>
<b>Total capital assets being depreciated/amortized, net</b>	<b>132,470,538</b>	<b>(1,792,524)</b>	<b>7,715</b>	<b>130,670,299</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 139,703,138</b>	<b>\$ 10,842,041</b>	<b>\$ 3,837,642</b>	<b>\$ 146,707,537</b>

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

**Governmental Activities:**

Public safety	\$ 825,533
Public works	5,024,906
Culture and recreation	999,497
General government	128,642
<b>Total depreciation/amortization expense, governmental activities</b>	<b>\$ 6,978,578</b>

**Business-Type Activities:**

Sewer	\$ 6,188,651
Solid waste collection	206,575
Transit	238,565
Airport operations	622,495
Dock operations	2,719
Marina	393,393
<b>Total depreciation/amortization expense, business-type activities</b>	<b>\$ 7,652,398</b>

**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, 2023 is as follows:

<b>Governmental Activities</b>	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
General obligation notes	\$ 63,895,000	\$ 9,260,000	\$ 5,035,000	\$ 68,120,000	\$ 4,810,000
Bond premium	2,221,037	444,049	318,410	2,346,676	-
Compensated absences	753,812	891,371	811,350	833,833	833,833
Lease obligation	89,782	-	65,114	24,668	9,184
Total OPEB liability	1,159,446	-	96,056	1,063,390	-
Net pension liability	4,349,766	7,454,364	-	11,804,130	-
Due to other government	5,212,158	-	-	5,212,158	-
<b>Total</b>	<b>\$ 77,681,001</b>	<b>\$ 18,049,784</b>	<b>\$ 6,325,930</b>	<b>\$ 89,404,855</b>	<b>\$ 5,653,017</b>

<b>Business-Type Activities</b>	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Sewer revenue notes- direct borrowings	\$ 66,922,000	\$ 129,136,878	\$ 3,404,000	\$ 192,654,878	\$ 3,495,000
SRF- P&D loans- direct borrowings	1,981,922	-	1,981,922	-	-
Equipment purchase agreements- direct borrowings	248,538	-	126,354	122,184	91,279
Compensated absences	143,721	187,883	194,430	137,174	137,174
Total OPEB liability	253,414	-	28,658	224,756	-
Net pension liability	114,429	1,043,163	-	1,157,592	-
<b>Total</b>	<b>\$ 69,664,024</b>	<b>\$ 130,367,924</b>	<b>\$ 5,735,364</b>	<b>\$ 194,296,584</b>	<b>\$ 3,723,453</b>

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 2020, the City and County shall agree on a reimbursement plan, which shall not exceed ten years for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2023, \$6,000,000 of bond proceeds had been advanced to the City and repayments of \$787,842 have been made leaving a balance owed to the County at June 30, 2023 of \$5,212,158. As of the date of this report, a reimbursement plan has not been agreed to with the County and 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.

Lease obligation: The City has leases for occupancy of a building and parking lot for the police department as well as information technology equipment. The City has paid principal and interest of \$65,114 and \$1,802, respectively, for the year ended June 30, 2023. The original building and parking lot lease agreement was signed in March 2008 and renewed in March 2020. The term of the building and parking lot lease is five years with two five-year options. The term of the information technology equipment lease is five years.

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 4. Long-Term Debt (Continued)**

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year ending:	IT Equipment		
	Principal	Interest	Total
2024	\$ 9,185	\$ 852	\$ 10,037
2025	9,512	524	10,036
2026	5,971	185	6,156
<b>Total</b>	<b>\$ 24,668</b>	<b>\$ 1,561</b>	<b>\$ 26,229</b>

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, 2023 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding
Capital loan note	02/20/13	1.00 - 2.15	\$ 4,975,000	\$ 600,000
Capital loan note	10/23/13	3.00 - 4.00	4,155,000	1,710,000
Capital loan note	10/07/14	2.00 - 3.25	3,225,000	1,590,000
Capital loan note, taxable	05/13/15	2.00 - 3.25	4,050,000	2,555,000
Capital loan note	09/08/15	2.00 - 4.00	5,130,000	3,460,000
Capital loan note, taxable	01/12/16	3.00 - 4.00	3,305,000	2,145,000
Capital loan note	10/25/16	2.00 - 2.50	5,205,000	3,375,000
Capital loan note	03/28/17	2.00 - 3.25	4,110,000	2,660,000
Capital loan note, taxable and local option sales tax	06/27/17	2.25 - 4.00	10,375,000	8,000,000
Capital loan note	08/08/18	3.00 - 5.00	12,310,000	10,395,000
Capital loan note	08/08/19	3.00 - 5.00	9,705,000	7,510,000
Capital loan note	08/11/20	2.00 - 3.00	7,120,000	6,415,000
Capital loan note	07/14/21	2.00 - 5.00	9,485,000	9,045,000
Capital loan note	08/11/22	3.00-4.00	9,260,000	8,660,000
<b>Total</b>				<b>\$ 68,120,000</b>

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

Year ending June 30:	Principal	Interest	Total
2024	4,810,000	2,155,111	6,965,111
2025	4,960,000	1,988,161	6,948,161
2026	4,575,000	1,814,543	6,389,543
2027	4,755,000	1,654,993	6,409,993
2028	4,910,000	1,495,738	6,405,738
2029-2033	23,515,000	5,064,503	28,579,503
2034-2038	17,310,000	1,886,901	19,196,901
2039-2041	3,285,000	121,298	3,406,298
<b>Total</b>	<b>\$ 68,120,000</b>	<b>\$ 16,181,248</b>	<b>\$ 84,301,248</b>

**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, 2023 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	\$ 474,000
Sewer revenue notes	12/13/07	1.75	9,898,000	3,047,000
Sewer revenue notes	07/06/11	1.75	9,797,000	6,707,000
Sewer revenue notes	07/06/11	1.75	4,577,000	3,133,000
Sewer revenue notes	09/15/10	1.75	46,660,000	33,845,000
Sewer revenue notes	11/30/12	1.75	2,179,000	1,089,000
Sewer revenue notes	08/09/13	0.76	7,205,000	4,143,000
Sewer revenue notes	07/19/19	1.75	8,748,000	7,560,000
Sewer revenue notes	05/21/21	1.75	3,839,000	2,621,878
Sewer revenue notes	06/09/23	3.57	53,289,000	53,289,000
Sewer revenue notes	06/09/23	1.75	76,746,000	76,746,000
<b>Total</b>				<b>\$ 192,654,878</b>

The City has equipment purchase agreements for equipment at the Wastewater Treatment Plant.

- In October, 2020, the City signed an agreement for \$416,000. Payments of \$93,165 were made in this fiscal year, including interest. The term of the agreement is 5 years at an interest rate of 2.34%.
- In November, 2017, the City signed an agreement for \$509,540. Payments of \$37,502 were made in this fiscal year, including interest. The term of the agreement is 7 years at an interest rate of 4.103%.

Annual debt requirements to maturity are as follows:

Year ending:	Principal	Interest	Total
2024	\$ 91,279	\$ 1,885	\$ 93,164
2025	30,905	151	31,056
<b>Total</b>	<b>\$ 122,184</b>	<b>\$ 2,036</b>	<b>\$ 124,220</b>

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

Year ending June 30:	Principal	Interest	Total
2024	\$ 3,495,000	\$ 1,822,749	\$ 5,317,749
2025	3,587,000	2,934,843	6,521,843
2026	6,003,000	3,839,528	9,842,528
2027	8,840,000	4,006,383	12,846,383
2028	9,075,000	3,824,781	12,899,781
2029-2033	45,463,000	16,326,630	61,789,630
2034-2038	49,457,878	11,292,177	60,750,055
2039-2043	49,995,000	5,564,422	55,559,422
2044-2048	16,739,000	641,875	17,380,875
<b>Total</b>	<b>\$ 192,654,878</b>	<b>\$ 50,253,388</b>	<b>\$ 242,908,266</b>

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

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**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 2048. Total principal and interest remaining to be paid on the sewer revenue notes and total customer net revenues were \$242,908,266 and \$4,639,812, respectively, and principal and interest payments were \$4,479,739.

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.

The City's net revenues for the year ended June 30, 2023 were less than the required 110% of note principal and interest falling due during the year.

City of Clinton, Iowa

Notes to Basic Financial Statements

**Note 5. Interfund Receivables, Payables and Transfers**

The following is a schedule of transfers for the year ended June 30, 2023:

(Transfer in)	(Transfer out)		
<b><u>Transfer to</u></b>	<b><u>Transfer From</u></b>		
General	<b>Special Revenue:</b>		
	Employee Benefits	\$	4,533,059
	Leisure/Cultural Programs		220,433
	Miscellaneous		272,788
	<b>Enterprise:</b>		
	Marina		20,987
			<u>5,047,267</u>
Special Revenue:			
Leisure/Cultural Programs	General		<u>451,563</u>
RUT	<b>Special Revenue:</b>		
	Capital Projects		<u>4,061</u>
Community/Economic Development	General		16,845
	<b>Special Revenue:</b>		
	Tax Increment Financing		109,167
			<u>126,012</u>
Tort Liability	General		489,536
	<b>Enterprise:</b>		
	Solid Waste		19,668
	Marina		4,197
	Transit		19,422
			<u>532,823</u>
Capital Projects	General		105,148
	<b>Special Revenue:</b>		
	RUT		28,948
	Local Option Sales Tax		158,244
			<u>292,340</u>
Debt Service	General		2,101,250
	<b>Special Revenue:</b>		
	Local Option Sales Tax		3,600,000
			<u>5,701,250</u>
<b>Enterprise:</b>	<b>Special Revenue:</b>		
Sewer	Local Option Sales Tax		158,242
	Capital Projects		1,500,000
	<b>Enterprise:</b>		
	Solid Waste		85,000
			<u>1,743,242</u>
Transit System	General		<u>427,375</u>
Airport	General		69,000
	<b>Special Revenue:</b>		
	Capital Projects		150,000
			<u>219,000</u>
Marina	<b>Special Revenue:</b>		
	Capital Projects		350
		\$	<u>14,545,283</u>

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

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**Note 5. 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.

Receivable Fund:	Payable Fund:	Amount
General	Special Revenue:	
	Community and Economic Development	\$ 15,980
	Tailgate N Tallboys	505,000
	Enterprise:	
	Sewer	1,822,164
	Airport	5,935
<b>Total</b>		<u>\$ 2,349,079</u>

An interfund advance of \$30,000 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 year.

**Note 6. 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 800 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, employment practices liability, public officials liability, cyber liability and law enforcement liability. 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, 2023 were \$887,004.

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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#### Note 6. Risk Management (Continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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.

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, 2023, no liability has been recorded in the City's financial statements. As of June 30, 2023, 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 \$75,000 and an aggregate stop loss of approximately \$3.2 million for 2023. 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. \$562,465 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, 2023 are summarized as follows:

	2023	2022
Claims payable, beginning of year	\$ 454,477	\$ 442,106
Claims expense	3,857,753	3,042,217
Claims payments	(3,749,765)	(3,029,846)
Claims payable, end of year	<u>\$ 562,465</u>	<u>\$ 454,477</u>

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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#### Note 7. 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](http://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**

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**Note 7. Pension and Retirement Systems (Continued)**

In fiscal year 2023, 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, 2023 were \$600,113.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$2,657,465 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the City's collective proportion of the overall plan net asset was 0.0703378%, which was an increase of 0.0992176% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense (revenue) of (\$76,469). At June 30, 2023, 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	\$ 117,805	\$ 36,401
Changes of assumptions	2,255	63
Net difference between projected and actual earnings on pension plan investments	-	284,473
Changes in proportion and differences between City contributions and proportionate share of contributions	54,771	300,964
City contributions subsequent to the measurement date	600,113	-
<b>Total</b>	<u>\$ 774,944</u>	<u>\$ 621,901</u>

\$600,113 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, 2024.

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

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**Note 7. 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
2024	\$ (303,636)
2025	(265,607)
2026	(409,614)
2027	541,999
2028	(10,212)
<b>Total</b>	<u><u>\$ (447,070)</u></u>

There were no non-employer contributing entities to IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021. Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 7. 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%	3.57%
International equity	17.5%	4.79%
Global smart beta equity	6.0%	4.16%
Core plus fixed income	20.0%	1.66%
Public credit	4.0%	3.77%
Cash	1.0%	0.77%
Private equity	13.0%	7.57%
Private real assets	8.5%	3.55%
Private credit	8.0%	3.63%
<b>Total</b>	<b>100%</b>	

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	\$ 4,951,176	\$ 2,657,465	\$ 636,074

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](http://www.ipers.org).

Payables to IPERS – At June 30, 2023, the City reported payables to IPERS of \$52,915 for legally required City contributions and \$32,258 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

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#### Note 7. Pension and Retirement Systems (Continued)

##### **Municipal Fire and Police Retirement System of Iowa (MFPRSI):**

Plan Description – MFPRSI 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 MFPRSI. MFPRSI 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.mfprsi.org](http://www.mfprsi.org).

MFPRSI 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

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#### Note 7. 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, 2023.

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 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 totaled \$1,596,883.

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 MFPRSI for the fiscal year ended June 30, 2023.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$10,304,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2022, the City's proportion was .01834900%, which was a decrease of .00108553% from its proportion measured as of June 30, 2021.

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 7. Pension and Retirement Systems (Continued)**

For the year ended June 30, 2023, the City recognized pension expense of \$974,171. At June 30, 2023, 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	\$ 639,870	\$ 13,250
Changes of assumptions	28,905	-
Net difference between projected and actual earnings on pension plan investments	-	122,087
Changes in proportion and differences between City contributions and proportionate share of contributions	255,523	613,524
City contributions subsequent to the measurement date	1,596,883	-
<b>Total</b>	<b>\$ 2,521,181</b>	<b>\$ 748,861</b>

\$1,596,883 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, 2024. 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
2024	\$ 7,908
2025	(299,781)
2026	(819,161)
2027	1,299,017
2028	(12,546)
<b>Total</b>	<b>\$ 175,437</b>

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2010 to June 30, 2020.

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**

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**Note 7. Pension and Retirement Systems (Continued)**

The long-term expected rate of return on MFPRSI 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
Broad Fixed Income	3.5%
Broad U.S. Equity	6.7%
Global Equity	6.8%
Broad Non-US Equity	7.0%
Managed Futures	5.1%
Emerging Market	7.2%
Real Estate- Core	6.4%
Opportunistic Real Estate	11.0%
Global Infrastructure	6.8%
Private Credit	8.6%
Private Equity	12.0%

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 MFPRSI'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 MFPRSI 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 (asset)	\$ 18,648,784	\$ 10,304,257	\$ 3,390,702

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 7. 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](http://www.MFPRSI.org).

Payables to the MFPRSI – At June 30, 2023, the City reported payables to MFPRSI of \$140,002 for legally required City Contributions and \$55,064 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	\$ (1,499,873)	\$ (1,157,592)	\$ (2,657,465)	\$ (10,304,257)	\$ (12,961,722)
Deferred outflows of resources related to pensions	437,378	337,566	774,944	2,521,181	3,296,125
Deferred inflows of resources related to pensions	(351,001)	(270,900)	(621,901)	(748,861)	(1,370,762)
Pension expense (revenue)	(43,159)	(33,310)	(76,469)	974,171	897,702

**Note 8. 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, 2022 for each plan are as shown below:

	Single	Family	Emp+Spouse	Emp+Children
Health insurance	\$ 666	\$ 2,044	\$ 1,364	\$ 1,261

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 8. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	179
	190
	190

**Total OPEB Liability**

The City's total OPEB liability of \$1,288,146 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2022 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	4.13% 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 PubG.H-2010 General Mortality with Mortality Improvement using Scale MP-2020. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period 2010– 2021.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at July 1, 2022	\$ 1,412,860
Changes for the year:	
Service cost	30,926
Interest	53,581
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(3,622)
Benefit payments	(205,599)
Net changes	(124,714)
Balance at June 30, 2023	\$ 1,288,146

There were no changes as a result of changes in benefit terms. Changes of assumptions or other inputs reflect a change in the discount rate from 4.09% per annum in 2022 to 4.13% per annum in 2023.

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 8. 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
	3.13%	4.13%	5.13%
Total OPEB liability	\$ 1,383,334	\$ 1,288,146	\$ 1,201,905

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that 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.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	5.00%	6.00%	7.00%
Total OPEB liability	\$ 1,186,750	\$ 1,288,146	\$ 1,407,651

For the year ended June 30, 2023, the City recognized OPEB expense of \$61,286. At June 30, 2023, 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	\$ 64,223	\$ 280,231
Changes of assumptions or other inputs	119,159	189,035
Net difference between projected and actual investments	-	-
<b>Total</b>	<b>\$ 183,382</b>	<b>\$ 469,266</b>

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:	
2024	\$ (23,222)
2025	(23,222)
2026	(29,645)
2027	(35,672)
2028	(46,068)
Thereafter	(128,055)
	<b>\$ (285,884)</b>

**Note 9. 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 outstanding a total of \$2,500,000 of industrial development revenue bonds.

## City of Clinton, Iowa

### Notes to Basic Financial Statements

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#### **Note 10. 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 \$145.5 million. As of June 30, 2023, costs of \$21.2 million have been incurred on the projects. The remaining contractual amounts on these projects total approximately \$124.3 million as of June 30, 2023 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 11. 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, 2023, the City abated \$125,670 of property tax under the urban renewal and economic development projects.

#### **Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements**

The City adopted the following statements during the year ended June 30, 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. This Statement clarifies 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.

Notes to Basic Financial Statements

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**Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. 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. 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.

GASB Statement No. 99, *Omnibus 2022*, issued April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

As of June 30, 2023, 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. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

**Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)**

This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government’s vulnerability to the risk of a substantial impact associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

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

**Note 13. 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 \$10.9 million exist, of which approximately \$361,993 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 all agreements are subject to annual appropriation. During the year ended June 30, 2023, the City rebated \$197,962 of incremental property tax to developers.

**Note 14. Restatement**

Beginning net position and capital asset balances for business-type activities were restated to properly report engineering fees not previously capitalized. The beginning net position balances for governmental activities was restated to remove contributed capital previously reported in error.

The restatements to retroactively report the change in net position, are as follows:

	Governmental Activities	Business Type Activities	Enterprise Sewer
Net position June 30, 2022, as previously reported	\$ 54,694,949	\$ 73,665,086	\$ 51,881,786
Adjustment to properly report engineering fees	-	1,858,296	1,858,296
Adjustment to properly report contributed capital	(621,595)	-	-
Net position June 30, 2022, as restated	<u>\$ 54,073,354</u>	<u>\$ 75,523,382</u>	<u>\$ 53,740,082</u>

**City of Clinton, Iowa**

**Notes to Basic Financial Statements**

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**Note 15. Subsequent Events**

In July 2023, the City issued \$9,405,000 of general obligation capital loan notes. The notes are being used to pay costs of the opening, widening, extending, grading and drainage of the right-of-way of streets, trails, highways, avenues, alleys, and public grounds; the construction, reconstruction, and repairing of any street and streetscape improvements, with related signage and utility work, guard rails, traffic control devices, lighting, fiber optics and conduit installation for traffic and pedestrian cameras, sidewalks, and the acquisition of real estate for such purposes; the rehabilitation and improvement of parks already owned, including facilities, equipment and improvements commonly found in city parks; the acquisition, construction, reconstruction, enlargement and improvement of bridges, culverts, grade crossings and approaches; equipping the police department; equipping the fire department; equipping the public works and street departments; the reconstruction and improvement of the airport; and the acquisition, restoration, or demolition of abandoned, dilapidated, or dangerous buildings, structures or properties or the abatement of a nuisance; and the acquisition, construction, improvement and equipping of a police station, including the acquisition of land and buildings; funding economic development, housing, culture and art grants, including as the local match requirement; the improvement renovation, repair and equipping of city facilities, including the Showboat, baseball stadium, MTA building, murals, swimming pool, Eagle Point Park facilities, marina and old RWFR facility; costs of acquisition, improvement, extension and enhancement of communications and data management systems including fiber installation and connectivity to city facilities, and upgrades of network equipment, computer systems and server equipment

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**City of Clinton, Iowa**

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

	2023	2022
Total OPEB liability		
Changes for the year:		
Service cost	\$ 30,926	\$ 45,344
Interest	53,581	43,493
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(360,762)
Changes in assumptions or other inputs	(3,622)	(227,177)
Benefit payments	(205,599)	(166,287)
Net changes in total OPEB liability	(124,714)	(665,389)
Total OPEB liability - beginning	1,412,860	2,078,249
Total OPEB liability - ending	\$ 1,288,146	\$ 1,412,860
 Covered employee payroll	 \$ 11,309,447	 \$ 10,874,029
 Total OPEB liability as a percentage of covered employee payroll	 11.39%	 12.99%

**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 each period: 4.13% 4.09%

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.

	2021	2020	2019	2018
\$	50,911	\$ 45,858	\$ 52,501	\$ 45,897
	53,756	53,299	57,923	57,357
	-	-	-	-
	-	120,509	-	-
	53,786	83,746	23,692	78,971
	(202,190)	(183,593)	(116,901)	(120,449)
	(43,737)	119,819	17,215	61,776
	2,121,986	2,002,167	1,984,952	1,923,176
\$	2,078,249	\$ 2,121,986	\$ 2,002,167	\$ 1,984,952
\$	11,781,772	\$ 11,605,661	\$ 11,359,477	\$ 10,828,846
	17.64%	18.28%	17.63%	18.33%
	2.18%	2.66%	2.79%	2.98%

City of Clinton, Iowa

**Required Supplementary Information  
Budgetary Comparison Schedule  
Budget and Actual - All Governmental and Enterprise Funds  
Year Ended June 30, 2023**

	Governmental Fund Types Actual	Enterprise Fund Types Actual	Total Actual
<b>Revenues:</b>			
Taxes	\$ 14,067,378	\$ -	\$ 14,067,378
Tax increment financing	1,215,886	-	1,215,886
Other city tax	6,353,842	-	6,353,842
Licenses and permits	4,753,860	-	4,753,860
Use of money and property	843,182	446,627	1,289,809
Intergovernmental	11,290,393	1,957,008	13,247,401
Charges for service	4,625,746	12,775,708	17,401,454
Miscellaneous	1,814,511	269,699	2,084,210
<b>Total revenues</b>	<b>44,964,798</b>	<b>15,449,042</b>	<b>60,413,840</b>
<b>Expenditures/expenses:</b>			
Public safety	13,486,566	-	13,486,566
Public works	3,840,937	-	3,840,937
Health and social services	79,273	-	79,273
Culture and recreation	6,669,729	-	6,669,729
Community and economic development	5,403,966	-	5,403,966
General government	3,206,757	-	3,206,757
Debt service	7,310,152	-	7,310,152
Capital projects	13,335,805	-	13,335,805
Business-type activities	-	17,352,251	17,352,251
<b>Total expenditures/expenses</b>	<b>53,333,185</b>	<b>17,352,251</b>	<b>70,685,436</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>(8,368,387)</b>	<b>(1,903,209)</b>	<b>(10,271,596)</b>
<b>Other financing sources (uses)</b>			
Proceeds from long term debt	9,260,000	-	9,260,000
Note premium	444,049	-	444,049
Capital contributions	500,000	-	500,000
Proceeds from sale of capital assets	255,333	21,017	276,350
Transfers in	12,155,316	2,389,967	14,545,283
Transfers out	(14,396,009)	(149,274)	(14,545,283)
<b>Total other financing sources (uses)</b>	<b>8,218,689</b>	<b>2,261,710</b>	<b>10,480,399</b>
<b>Net change in fund balance/net position</b>	<b>(149,698)</b>	<b>358,501</b>	<b>208,803</b>
Balance, beginning of year, as restated	12,297,979	74,861,354	87,159,333
Balance, end of year	<u>\$ 12,148,281</u>	<u>\$ 75,219,855</u>	<u>\$ 87,368,136</u>

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance
\$ 14,521,418	\$ 14,521,418	\$ (454,040)
344,502	1,312,429	(96,543)
8,823,224	8,823,224	(2,469,382)
594,250	1,439,623	3,314,237
723,759	1,193,517	96,292
7,415,549	9,834,191	3,413,210
13,864,693	16,852,326	549,128
236,285	1,512,255	571,955
46,523,680	55,488,983	4,924,857
13,743,365	14,226,320	739,754
3,250,808	3,883,258	42,321
-	-	(79,273)
3,266,266	6,360,178	(309,551)
995,703	4,056,288	(1,347,678)
2,123,632	2,479,668	(727,089)
7,322,353	7,322,353	12,201
8,560,403	16,048,529	2,712,724
16,201,274	19,044,093	1,691,842
55,463,804	73,420,687	2,735,251
(8,940,124)	(17,931,704)	7,660,108
9,057,000	10,823,666	(1,563,666)
-	-	444,049
-	-	500,000
-	-	276,350
22,231,644	23,886,644	(9,341,361)
(22,231,644)	(23,886,644)	9,341,361
9,057,000	10,823,666	(343,267)
116,876	(7,108,038)	7,316,841
15,659,532	36,349,330	50,810,003
\$ 15,776,408	\$ 29,241,292	\$ 58,126,844

**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 Nine Fiscal Years**

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	2023*	2022*	2021*
City's proportion of the net pension liability (asset)	0.0703378%	-0.0288798%**	0.0708290%
City's proportionate share of the net pension liability	\$ 2,657	\$ 99,702	\$ 4,975,550
City's covered payroll	\$ 5,699,267	\$ 5,774,810	\$ 5,621,132
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	1.7%	88.5%
Plan fiduciary net pension as a percentage of the total pension liability	91.40%	100.81%	82.90%

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

\*\* Overall plan net pension asset

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

See Notes to Required Supplementary Information.

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	2020*	2019*	2018*	2017*	2016*	2015*
	0.0760800%	0.0725131%	0.0693639%	0.0706603%	0.0713457%	0.0817562%
\$	4,405,534	\$ 4,588,804	\$ 4,620,515	\$ 4,446,878	\$ 3,524,825	\$ 3,242,376
\$	5,788,976	\$ 5,446,079	\$ 5,167,833	\$ 5,073,607	\$ 4,887,928	\$ 5,336,473
	76.1%	84.3%	89.4%	87.6%	72.1%	60.8%
	85.45%	83.62%	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**

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	2023	2022	2021	2020
Statutorily required contribution	\$ 600	\$ 538	\$ 545	\$ 531
Contributions in relation to the statutorily required contribution	(600)	(538)	(545)	(531)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,357	\$ 5,699	\$ 5,775	\$ 5,621
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.45%

NOTE: Amounts in thousands

See Notes to Required Supplementary Information.

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	2019		2018		2017		2016		2015		2014
\$	557	\$	487	\$	466	\$	453	\$	437	\$	479
	(557)		(487)		(466)		(453)		(437)		(479)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	5,789	\$	5,446	\$	5,168	\$	5,074	\$	4,888	\$	5,336
	9.62%		8.94%		9.02%		8.93%		8.94%		8.98%

**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 Nine Fiscal Years**

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	2023*		2022*		2021*
City's proportion of the net pension liability	0.01834900%		0.01943453%		0.01908509%
City's proportionate share of the net pension liability	\$ 10,304,257	\$	4,364,493	\$	15,222,273
City's covered payroll	\$ 6,197,301	\$	6,270,009	\$	6,063,404
City's proportionate share of the net pension liability as a percentage of its covered payroll	166.27%		69.61%		251.05%
Plan fiduciary net pension as a percentage of the total pension liability	84.62%		93.62%		76.47%

\*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.

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	2020*	2019*	2018*	2017*	2016*	2015*
	0.01954104%	0.01862662%	0.01861210%	0.01907348%	0.01932575%	0.01969964%
\$	12,817,487	\$ 11,090,254	\$ 10,915,532	\$ 11,925,902	\$ 9,079,514	\$ 7,141,084
\$	5,744,123	\$ 5,414,026	\$ 5,271,077	\$ 5,169,036	\$ 5,068,334	\$ 5,030,678
	223.14%	204.84%	207.08%	230.72%	179.14%	141.95%
	79.94%	81.07%	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**

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	2023	2022	2021	2020
Statutorily required contribution	\$ 1,596	\$ 1,681	\$ 1,587	\$ 1,473
Contributions in relation to the statutorily required contribution	(1,596)	(1,681)	(1,587)	(1,473)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,682	\$ 6,197	\$ 6,270	\$ 6,063
Contributions as a percentage of covered payroll	23.89%	27.13%	25.31%	24.29%

Note: Amounts reported in thousands

See Notes to Required Supplementary Information.

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	2019		2018		2017		2016		2015		2014
\$	1,512	\$	1,409	\$	1,382	\$	1,435	\$	1,541	\$	1,515
	(1,512)		(1,409)		(1,382)		(1,435)		(1,541)		(1,515)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	5,744	\$	5,414	\$	5,271	\$	5,169	\$	5,068	\$	5,031
	26.32%		26.03%		26.22%		27.76%		30.41%		30.12%

## City of Clinton, Iowa

### Notes to Required Supplementary Information

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#### 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 \$17,956,883.

During the year ended June 30, 2023, expenditures in the health and social services, culture and recreation, community and economic development, and general government functions exceeded the amount budgeted.

#### Note 2. Iowa Public Employees' Retirement System

##### Changes of benefit terms:

There are no significant changes in benefit terms.

##### Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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#### **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 Annuity 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, 2023

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tailgate N Tallboys	Miscellaneous
<b>Assets</b>				
Cash and investments	\$ 417,654	\$ -	\$ 898,009	\$ 172,592
Receivables:				
Property tax:				
Delinquent	-	-	-	15,808
Succeeding year	-	-	-	337,527
Intergovernmental	-	546,028	-	398,024
Special assessments	-	-	-	188,324
Other	34,813	11,625	11,760	-
<b>Total assets</b>	<b>\$ 452,467</b>	<b>\$ 557,653</b>	<b>\$ 909,769</b>	<b>\$ 1,112,275</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 86,099	\$ 55,495	\$ 308,120	\$ 413,154
Salaries payable	54	-	-	-
Due to other funds	-	15,980	505,000	-
<b>Total liabilities</b>	<b>86,153</b>	<b>71,475</b>	<b>813,120</b>	<b>413,154</b>
Deferred inflows of resources, Unavailable revenue:				
Succeeding year property tax	-	-	-	337,526
Delinquent taxes	-	-	-	9,996
Other	-	379,000	-	182,980
<b>Total deferred inflows of     resources</b>	<b>-</b>	<b>379,000</b>	<b>-</b>	<b>530,502</b>
Fund Balances:				
Nonspendable:				
Endowments, corpus	-	-	-	-
Restricted:				
Community programs and services	366,314	107,178	96,649	168,619
Other purposes	-	-	-	-
<b>Total fund balances</b>	<b>366,314</b>	<b>107,178</b>	<b>96,649</b>	<b>168,619</b>
<b>Total liabilities, deferred     inflows of resources and     fund balances</b>	<b>\$ 452,467</b>	<b>\$ 557,653</b>	<b>\$ 909,769</b>	<b>\$ 1,112,275</b>

Permanent			
Hayes Trust	Boyd Henningsen		Total
\$ 3,907	\$ 5,259	\$	1,497,421
-	-		15,808
-	-		337,527
-	-		944,052
-	-		188,324
-	-		58,198
<u>\$ 3,907</u>	<u>\$ 5,259</u>	<u>\$</u>	<u>3,041,330</u>
\$ -	\$ -	\$	862,868
-	-		54
-	-		520,980
-	-		1,383,902
-	-		337,526
-	-		9,996
-	-		561,980
-	-		909,502
3,000	4,000		7,000
-	-		738,760
907	1,259		2,166
<u>3,907</u>	<u>5,259</u>		<u>747,926</u>
<u>\$ 3,907</u>	<u>\$ 5,259</u>	<u>\$</u>	<u>3,041,330</u>

City of Clinton, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2023**

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability	Tailgate N Tallboys
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ -
Other city tax	217,559	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	2,046	5,083	-	2,098
Intergovernmental	52,988	1,244,701	-	-
Charges for service	82,100	-	-	2,461,106
Miscellaneous	-	48,466	-	-
<b>Total revenues</b>	<b>354,693</b>	<b>1,298,250</b>	<b>-</b>	<b>2,463,204</b>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	79,273	-	-
Culture and recreation	343,901	-	-	2,866,555
Community and economic development	-	1,331,163	-	-
General government	-	-	478,112	-
<b>Total expenditures</b>	<b>343,901</b>	<b>1,410,436</b>	<b>478,112</b>	<b>2,866,555</b>
<b>Revenue over (under) expenditures</b>	<b>10,792</b>	<b>(112,186)</b>	<b>(478,112)</b>	<b>(403,351)</b>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Capital contributions	-	-	-	500,000
Transfers in	451,563	126,012	532,823	-
Transfers out	(220,433)	-	-	-
<b>Total other financing sources (uses)</b>	<b>231,130</b>	<b>126,012</b>	<b>532,823</b>	<b>500,000</b>
<b>Net change in fund balances</b>	<b>241,922</b>	<b>13,826</b>	<b>54,711</b>	<b>96,649</b>
Fund balances, beginning of year	124,392	93,352	(54,711)	-
Fund balances, end of year	<b>\$ 366,314</b>	<b>\$ 107,178</b>	<b>\$ -</b>	<b>\$ 96,649</b>

Permanent				
Miscellaneous	Hayes Trust	Boyd Henningsen Trust		Total
\$ 245,169	\$ -	\$ -	\$	245,169
129,213	-	-		346,772
51,067	-	-		51,067
6,656	66	90		16,039
965,266	-	-		2,262,955
100,359	-	-		2,643,565
91,621	-	-		140,087
<u>1,589,351</u>	<u>66</u>	<u>90</u>		<u>5,705,654</u>
38,360	-	-		38,360
42,142	-	-		42,142
-	-	-		79,273
65,365	-	-		3,275,821
1,990,163	-	-		3,321,326
151,203	-	-		629,315
<u>2,287,233</u>	<u>-</u>	<u>-</u>		<u>7,386,237</u>
(697,882)	66	90		(1,680,583)
700,000	-	-		700,000
-	-	-		500,000
-	-	-		1,110,398
<u>(272,788)</u>	<u>-</u>	<u>-</u>		<u>(493,221)</u>
427,212	-	-		1,817,177
(270,670)	66	90		136,594
439,289	3,841	5,169		611,332
<u>\$ 168,619</u>	<u>\$ 3,907</u>	<u>\$ 5,259</u>	<u>\$</u>	<u>\$ 747,926</u>

City of Clinton, Iowa

Combining Statement of Net Position  
 Nonmajor Enterprise Funds  
 June 30, 2023

<b>Assets</b>	Airport Operations	Dock Operations
Current assets:		
Cash and investments	\$ -	\$ -
Receivables, net of allowance for uncollectible amounts of \$0:		
Intergovernmental	115,500	-
Other	20,424	-
Lease receivable	-	-
Total current assets	<u>135,924</u>	<u>-</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable:		
Land	790,945	-
Construction-in-progress	113,399	-
Depreciable:		
Machinery and equipment	306,784	-
Land improvements	525,421	-
Buildings	3,318,565	-
Intangibles	-	-
Infrastructure	21,265,706	54,389
Accumulated depreciation	<u>(18,405,119)</u>	<u>(5,892)</u>
Total noncurrent assets	<u>7,915,701</u>	<u>48,497</u>
<b>Total assets</b>	<u>8,051,625</u>	<u>48,497</u>
<b>Deferred outflows of resources:</b>		
OPEB related deferred outflows	1,465	-
Pension related deferred outflows	9,842	-
<b>Total deferred outflows of resources</b>	<u>11,307</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	21,099	-
Compensated absences	5,072	-
Due to other funds	5,935	-
Total current liabilities	<u>32,106</u>	<u>-</u>
Noncurrent liabilities:		
Total OPEB liability	10,289	-
Net pension liability	33,750	-
Advance from other funds	30,000	-
Total noncurrent liabilities	<u>74,039</u>	<u>-</u>
<b>Total liabilities</b>	<u>106,145</u>	<u>-</u>
<b>Deferred inflows of resources:</b>		
OPEB related deferred inflows	3,748	-
Pension related deferred inflows	7,898	-
Lease receivable	-	-
<b>Total deferred inflows of resources</b>	<u>11,646</u>	<u>-</u>
<b>Net position:</b>		
Investment in capital assets	7,915,701	48,497
Unrestricted	29,440	-
<b>Total net position</b>	<u>\$ 7,945,141</u>	<u>\$ 48,497</u>

	Marina	Parking System	Total
\$	748,387	\$ 10,338	\$ 758,725
	-	-	115,500
	6,414	-	26,838
	238,256	-	238,256
	993,057	10,338	1,139,319
	184,000	217,000	1,191,945
	-	-	113,399
	82,325	-	389,109
	1,088,777	152,700	1,766,898
	770,974	-	4,089,539
	-	12,401	12,401
	9,501,572	149,516	30,971,183
	(5,004,135)	(314,617)	(23,729,763)
	6,623,513	217,000	14,804,711
	7,616,570	227,338	15,944,030
	-	-	1,465
	-	-	9,842
	-	-	11,307
	40,953	-	62,052
	-	-	5,072
	-	-	5,935
	40,953	-	73,059
	-	-	10,289
	-	-	33,750
	-	-	30,000
	-	-	74,039
	40,953	-	147,098
	-	-	3,748
	-	-	7,898
	238,256	-	238,256
	238,256	-	249,902
	6,623,513	217,000	14,804,711
	713,848	10,338	753,626
\$	7,337,361	\$ 227,338	\$ 15,558,337

City of Clinton, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Enterprise Funds  
Year Ended June 30, 2023**

	Airport Operations	Dock Operations	Marina
Operating revenues:			
Charges for services	\$ 281,574	\$ -	\$ 163,795
Property rental	128,007	-	260,455
Miscellaneous	5,572	-	7,875
<b>Total operating revenues</b>	<b>415,153</b>	<b>-</b>	<b>432,125</b>
Operating expenses:			
Personal services	79,918	-	59,219
Commodities	291,868	-	127,112
Contractual services	34,712	-	91,374
Repairs, maintenance and utilities	79,480	-	103,791
Depreciation	622,495	2,719	393,393
<b>Total operating expenses</b>	<b>1,108,473</b>	<b>2,719</b>	<b>774,889</b>
<b>Operating (loss)</b>	<b>(693,320)</b>	<b>(2,719)</b>	<b>(342,764)</b>
Nonoperating revenues:			
Gain on disposal of capital assets	4,494	-	-
Investment earnings	2,446	-	11,468
Intergovernmental	135,500	-	-
<b>Total nonoperating revenues</b>	<b>142,440</b>	<b>-</b>	<b>11,468</b>
<b>(Loss) before capital contributions and transfers</b>	<b>(550,880)</b>	<b>(2,719)</b>	<b>(331,296)</b>
Capital contributions	-	-	1,049,085
Transfers in	219,000	-	350
Transfers out	-	-	(25,184)
<b>Change in net position</b>	<b>(331,880)</b>	<b>(2,719)</b>	<b>692,955</b>
Total net position, beginning of year	8,277,021	51,216	6,644,406
Total net position, end of year	<b>\$ 7,945,141</b>	<b>\$ 48,497</b>	<b>\$ 7,337,361</b>

Parking System	Total
\$ -	\$ 445,369
-	388,462
-	13,447
-	847,278
-	139,137
-	418,980
-	126,086
-	183,271
-	1,018,607
-	1,886,081
-	(1,038,803)
-	4,494
-	13,914
-	135,500
-	153,908
-	(884,895)
-	1,049,085
-	219,350
-	(25,184)
-	358,356
227,338	15,199,981
\$ 227,338	\$ 15,558,337

City of Clinton, Iowa

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended June 30, 2023**

	Airport Operations	Dock Operations	Marina
Cash flows from operating activities:			
Receipts from customers and users	\$ 419,931	\$ -	\$ 451,000
Payments to suppliers	(415,009)	-	(293,651)
Payments to employees	(116,962)	-	(59,219)
<b>Net cash provided by (used in) operating activities</b>	<b>(112,040)</b>	<b>-</b>	<b>98,130</b>
Cash flows from noncapital financing activities:			
Intergovernmental	645,115	-	-
Due to other funds	-	-	-
Due from other funds	187,168	-	-
Transfers in	219,000	-	350
Transfers (out)	-	-	(25,184)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>1,051,283</b>	<b>-</b>	<b>(24,834)</b>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(939,243)	-	-
Cash flows from investing activities, investment earnings	-	-	11,468
<b>Increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>84,764</b>
Cash and cash equivalents, beginning of year	-	-	663,623
Cash and cash equivalents, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 748,387</b>

(Continued)

Parking System		Total
\$	-	\$ 870,931
	-	(708,660)
	-	(176,181)
	-	(13,910)
	-	645,115
	-	-
	-	187,168
	-	219,350
	-	(25,184)
	-	1,026,449
	-	(939,243)
	-	11,468
	-	84,764
	10,338	673,961
\$	10,338	\$ 758,725

City of Clinton, Iowa

Combining Statement of Cash Flows (Continued)  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2023

	Airport Operations	Dock Operations	Marina
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (693,320)	\$ (2,719)	\$ (342,764)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	622,495	2,719	393,393
Change in assets and liabilities:			
Receivables	4,778	-	18,875
Accounts payable	(8,949)	-	28,626
Compensated absences	3,644	-	-
Pension liability and related deferrals	(39,743)	-	-
Total OPEB liability and related deferrals	(945)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (112,040)</b>	<b>\$ -</b>	<b>\$ 98,130</b>
Noncash capital and related financing activities:			
Capital contributions	\$ -	\$ -	\$ 1,049,085

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Parking System	Total
\$ -	\$ (1,038,803)
-	1,018,607
-	23,653
-	19,677
-	3,644
-	(39,743)
-	(945)
<u>\$ -</u>	<u>\$ (13,910)</u>
<u>\$ -</u>	<u>\$ 1,049,085</u>

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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, 2023**

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund
<b>Assets</b>				
Cash and investments	\$ (7,954)	\$ 230,073	\$ 208,364	\$ -
Receivables, net of allowance for uncollectible amounts of \$625,931:				
Service fees	8,732	-	-	-
Special assessments	-	-	-	-
<b>Total assets</b>	<b>778</b>	<b>230,073</b>	<b>208,364</b>	<b>-</b>
<b>Liabilities and Net Position</b>				
Liabilities:				
Accounts payable	422,739	-	-	-
Contracts payable	90,799	-	-	-
<b>Total liabilities</b>	<b>513,538</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net position:				
Unrestricted	(512,760)	230,073	208,364	-
<b>Total liabilities and net position</b>	<b>\$ 778</b>	<b>\$ 230,073</b>	<b>\$ 208,364</b>	<b>\$ -</b>

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Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
\$ 403,598	\$ 101,013	\$ (2,757,258)	\$ (1,822,164)
-	1,676,677	-	1,685,409
-	130,662	-	130,662
403,598	1,908,352	(2,757,258)	(6,093)
-	22,559	2,629,213	3,074,511
-	-	277,564	368,363
-	22,559	2,906,777	3,442,874
403,598	1,885,793	(5,664,035)	(3,448,967)
\$ 403,598	\$ 1,908,352	\$ (2,757,258)	\$ (6,093)

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 (Unaudited)**

City of Clinton, Iowa

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund
Operating revenues:				
Charges for services	\$ 7,104	\$ -	\$ -	\$ -
Miscellaneous	135,018	77,821	-	-
<b>Total operating revenues</b>	<b>142,122</b>	<b>77,821</b>	<b>-</b>	<b>-</b>
Operating expenses:				
Personal services	1,447,833	-	-	-
Contractual services	613,177	-	-	164,907
Repairs, maintenance and utilities	2,176,406	-	-	-
Miscellaneous	381,760	-	-	-
Capital outlay/improvements	225,324	-	-	-
<b>Total operating expenses</b>	<b>4,844,500</b>	<b>-</b>	<b>-</b>	<b>164,907</b>
<b>Operating income (loss)</b>	<b>(4,702,378)</b>	<b>77,821</b>	<b>-</b>	<b>(164,907)</b>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	3,931	-	-
Interest expense	-	-	-	(1,036,585)
Principal payments	-	-	-	(3,404,000)
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>3,931</b>	<b>-</b>	<b>(4,440,585)</b>
<b>Income (loss) before transfers</b>	<b>(4,702,378)</b>	<b>81,752</b>	<b>-</b>	<b>(4,605,492)</b>
Transfers in	4,374,747	-	-	4,605,492
Transfers out	-	-	-	-
<b>Change in net position</b>	<b>(327,631)</b>	<b>81,752</b>	<b>-</b>	<b>-</b>
Total net position (deficit), beginning of year	(185,129)	148,321	208,364	-
Total net position (deficit), end of year	<b>\$ (512,760)</b>	<b>\$ 230,073</b>	<b>\$ 208,364</b>	<b>\$ -</b>

Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
\$ -	\$ 9,102,292	\$ -	\$ 9,109,396
-	3,600	-	216,439
-	9,105,892	-	9,325,835
-	-	-	1,447,833
-	-	334,729	1,112,813
-	-	-	2,176,406
-	-	-	381,760
-	-	5,946,020	6,171,344
-	-	6,280,749	11,290,156
-	9,105,892	(6,280,749)	(1,964,321)
-	-	417,525	417,525
-	-	-	-
-	7,022	-	10,953
-	-	(39,154)	(1,075,739)
-	-	-	(3,404,000)
-	7,022	378,371	(4,051,261)
-	9,112,914	(5,902,378)	(6,015,582)
-	-	1,658,243	10,638,482
-	(8,895,240)	-	(8,895,240)
-	217,674	(4,244,135)	(4,272,340)
403,598	1,668,119	(1,419,900)	823,373
\$ 403,598	\$ 1,885,793	\$ (5,664,035)	\$ (3,448,967)

City of Clinton, Iowa

Schedule of Revenues by Source and Expenditures by Function  
 All Governmental Funds (Unaudited)  
 For the Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>				
Taxes	\$ 21,637,106	\$ 21,830,926	\$ 21,739,209	\$ 22,061,556
Licenses and permits	4,753,860	4,204,456	4,531,750	391,831
Use of money and property	843,182	592,424	504,614	422,310
Intergovernmental	11,290,393	6,243,221	8,260,302	6,081,810
Charges for services	4,625,746	2,067,443	2,211,365	1,807,789
Miscellaneous	1,814,511	1,352,621	1,129,666	589,981
<b>TOTAL REVENUES</b>	<u>\$ 44,964,798</u>	<u>\$ 36,291,091</u>	<u>\$ 38,376,906</u>	<u>\$ 31,355,277</u>
<b>EXPENDITURES</b>				
Current				
Public safety	\$ 13,486,566	\$ 13,039,710	\$ 12,540,239	\$ 12,085,853
Public works	3,840,937	3,925,107	3,677,487	3,757,185
Health and social services	79,273	1,108,689	1,002,869	-
Culture and recreation	6,669,729	3,739,248	3,352,035	3,244,159
Community and economic development	5,403,966	2,709,706	3,000,656	3,656,857
General government	3,206,757	2,357,577	2,306,794	2,472,629
Debt service	7,310,152	6,683,309	6,714,655	8,228,484
Capital projects	13,335,805	7,144,828	12,355,605	7,829,076
<b>TOTAL EXPENDITURES</b>	<u>\$ 53,333,185</u>	<u>\$ 40,708,174</u>	<u>\$ 44,950,340</u>	<u>\$ 41,274,243</u>

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 21,348,975	\$ 21,059,397	\$ 21,304,416	\$ 21,335,063	\$ 21,540,640	\$ 21,340,941
557,635	534,956	715,590	494,637	448,407	397,268
466,285	548,323	470,008	429,019	312,866	1,879,184
6,128,589	5,793,373	8,078,805	5,950,877	5,212,646	4,844,194
1,259,880	1,289,759	1,275,230	1,305,310	1,247,042	1,235,039
977,395	669,363	914,603	859,592	899,941	799,992
<u>\$ 30,738,759</u>	<u>\$ 29,895,171</u>	<u>\$ 32,758,652</u>	<u>\$ 30,374,498</u>	<u>\$ 29,661,542</u>	<u>\$ 30,496,618</u>
\$ 12,855,754	\$ 11,178,730	\$ 10,804,776	\$ 10,722,616	\$ 10,957,543	\$ 10,776,743
3,798,229	4,492,753	4,406,270	3,267,989	2,951,147	2,606,996
-	-	-	-	-	-
3,277,403	3,065,705	3,189,651	2,987,553	3,036,703	3,142,259
3,327,736	3,027,046	2,714,588	2,560,088	2,084,627	1,877,259
2,106,419	2,011,365	1,992,864	1,953,107	2,169,653	2,478,543
6,058,872	5,437,783	4,850,015	4,404,589	4,264,112	3,992,096
7,062,603	7,466,831	9,532,517	10,784,756	5,321,941	7,760,095
<u>\$ 38,487,016</u>	<u>\$ 36,680,213</u>	<u>\$ 37,490,681</u>	<u>\$ 36,680,698</u>	<u>\$ 30,785,726</u>	<u>\$ 32,633,991</u>

City of Clinton, Iowa

Schedule of Taxes and Intergovernmental Revenues  
 All Governmental Funds (Unaudited)  
 For the Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Taxes</b>					
Property tax and tax increment financing	\$ 15,279,447	\$ 15,324,309	\$ 15,201,031	\$ 16,471,342	\$ 16,114,055
Mobile home taxes	3,817	3,490	2,713	3,019	3,687
Utility excise taxes	1,571,914	1,541,174	1,486,889	1,484,320	1,323,381
Local option sales taxes	3,916,766	4,091,784	4,285,873	3,395,533	3,317,312
Hotel/motel taxes	520,751	511,899	414,186	387,624	390,580
Gaming/Cable television franchise fees	217,559	231,303	231,142	307,158	199,960
Other taxes	126,852	126,967	117,375	12,560	-
	<u>21,637,106</u>	<u>21,830,926</u>	<u>21,739,209</u>	<u>22,061,556</u>	<u>21,348,975</u>
<b>Intergovernmental</b>					
Road use taxes	3,436,961	3,372,909	3,992,213	3,640,825	3,494,289
Other federal/state revenues	7,537,074	2,562,194	3,894,779	2,264,580	2,341,971
County contributions	60,903	73,608	141,907	55,459	48,091
School district contributions	255,455	234,510	231,403	120,946	244,238
	<u>11,290,393</u>	<u>6,243,221</u>	<u>8,260,302</u>	<u>6,081,810</u>	<u>6,128,589</u>
<b>TOTAL</b>	<u>\$ 32,927,499</u>	<u>\$ 28,074,147</u>	<u>\$ 29,999,511</u>	<u>\$ 28,143,366</u>	<u>\$ 27,477,564</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	15,917,903	\$ 15,896,291	\$ 16,190,472	\$ 16,195,117	\$ 16,568,522
	3,738	8,257	55,851	5,031	4,528
	1,318,334	1,406,054	1,270,243	1,304,792	1,151,368
	3,202,828	3,235,680	3,278,644	3,298,910	3,064,314
	409,282	541,620	309,283	511,771	361,661
	207,312	216,514	230,570	225,019	179,083
	-	-	-	-	11,465
	<u>21,059,397</u>	<u>21,304,416</u>	<u>21,335,063</u>	<u>21,540,640</u>	<u>21,340,941</u>
	3,888,765	3,435,711	3,296,194	3,080,523	2,671,825
	1,838,017	3,895,382	2,407,076	1,883,123	1,953,220
	62,769	617,308	132,256	75,988	49,284
	3,822	130,404	115,351	173,012	169,865
	<u>5,793,373</u>	<u>8,078,805</u>	<u>5,950,877</u>	<u>5,212,646</u>	<u>4,844,194</u>
\$	<u>26,852,770</u>	<u>29,383,221</u>	<u>27,285,940</u>	<u>26,753,286</u>	<u>26,185,135</u>

**City of Clinton, Iowa**

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

<b>Fiscal Year:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>January 1 Valuation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Residential property	\$ 844,469,640	\$ 846,761,092	\$ 858,489,381	\$ 863,549,155
Commercial property	290,590,290	281,717,781	286,195,257	263,704,423
Industrial property	172,403,126	149,910,562	155,096,660	163,218,242
Utilities	167,379,969	188,751,208	197,285,390	216,781,005
Other	446,750	446,750	446,750	446,750
Subtotal	1,475,289,775	1,467,587,393	1,497,513,438	1,507,699,575
Agricultural land	17,535,589	26,798,891	23,827,771	25,922,399
<b>TOTAL</b>	<b>\$ 1,492,825,364</b>	<b>\$ 1,494,386,284</b>	<b>\$ 1,521,341,209</b>	<b>\$ 1,533,621,974</b>

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 869,660,186	\$ 871,118,505	872,530,004	875,271,908	878,971,668	897,788,819
274,319,656	271,051,755	280,923,649	284,340,030	305,845,967	318,568,590
179,689,083	187,127,132	182,642,076	171,490,711	182,807,338	194,075,346
235,901,449	289,118,275	377,829,511	364,562,207	316,679,765	326,120,493
446,750	446,750	446,750	446,750	446,750	424,410
1,560,017,124	1,618,862,417	1,714,371,990	1,696,111,606	1,684,751,488	1,736,977,658
26,464,920	28,232,940	28,096,627	18,018,964	18,054,556	17,196,137
<u>\$ 1,586,482,044</u>	<u>\$ 1,647,095,357</u>	<u>\$ 1,742,468,617</u>	<u>\$ 1,714,130,570</u>	<u>\$ 1,702,806,044</u>	<u>\$ 1,754,173,795</u>

City of Clinton, Iowa

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

Fiscal Year:	2014	2015	2016	2017
<u>January 1 Valuation</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential property	\$ 443,940,901	\$ 457,007,659	\$ 475,424,868	\$ 483,234,316
Commercial property	290,590,290	265,401,457	253,434,239	268,865,227
Industrial property	172,403,126	142,412,661	138,981,191	154,626,634
Utilities	102,341,142	101,402,573	123,730,880	96,945,283
Other	446,750	446,750	-	402,075
Subtotal	1,009,722,209	966,671,100	991,571,178	1,004,073,535
Less military exemptions	3,226,184	3,113,212	3,002,092	2,837,264
<b>TOTAL</b>	<u>\$ 1,006,496,025</u>	<u>\$ 963,557,888</u>	<u>\$ 988,569,086</u>	<u>\$ 1,001,236,271</u>
Agricultural land	<u>\$ 10,494,318</u>	<u>\$ 11,409,968</u>	<u>\$ 11,899,550</u>	<u>\$ 11,774,642</u>

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 498,214,670	\$ 488,042,092	\$ 499,657,890	\$ 485,105,529	\$ 499,088,587	\$ 489,644,394
276,162,107	274,907,130	277,239,424	272,356,251	269,479,441	280,986,501
166,047,010	173,003,242	170,134,501	160,461,271	171,812,297	174,667,811
84,649,545	86,596,571	93,075,713	89,389,491	77,744,335	78,915,081
446,750	446,750	446,750	446,750	446,750	424,410
1,025,520,082	1,022,995,785	1,040,554,278	1,007,759,292	1,018,571,410	1,024,638,197
2,700,216	2,555,760	2,502,052	2,424,268	2,329,816	2,235,364
<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>\$ 1,016,241,594</u>	<u>\$ 1,022,402,833</u>
<u>\$ 12,534,373</u>	<u>\$ 15,329,680</u>	<u>\$ 15,755,695</u>	<u>\$ 14,661,899</u>	<u>\$ 15,171,222</u>	<u>\$ 15,311,636</u>

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City of Clinton, Iowa

Schedule of General Obligation Capital Loan Note Maturities (Unaudited)  
 June 30, 2023

Year Ending June 30	Principal	Interest	Total
2024	\$ 4,810,000	\$ 2,155,111	\$ 6,965,111
2025	4,960,000	1,988,161	6,948,161
2026	4,575,000	1,814,543	6,389,543
2027	4,755,000	1,654,993	6,409,993
2028	4,910,000	1,495,738	6,405,738
2029	4,995,000	1,328,713	6,323,713
2030	4,870,000	1,160,213	6,030,213
2031	5,025,000	1,006,476	6,031,476
2032	4,725,000	855,007	5,580,007
2033	3,900,000	714,094	4,614,094
2034	3,880,000	598,607	4,478,607
2035	3,490,000	483,244	3,973,244
2036	3,605,000	380,569	3,985,569
2037	3,735,000	272,557	4,007,557
2038	2,600,000	151,924	2,751,924
2039	1,600,000	73,174	1,673,174
2040	1,070,000	35,056	1,105,056
2041	615,000	13,068	628,068
Total	<u>\$ 68,120,000</u>	<u>\$ 16,181,248</u>	<u>\$ 84,301,248</u>

City of Clinton, Iowa

Schedule of General Obligation Capital Loan Note Maturities (Unaudited)  
June 30, 2023

Summary - Capital Loan Note Principal and Interest

Year Ending	June 30	\$ 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	\$ 12,310,000
2024	307,458	400,350	284,725	274,952	432,537	235,613	465,862	341,044	830,788	819,100	
2025	311,558	405,150	289,325	275,852	434,537	235,662	462,963	343,244	817,588	811,600	
2026	-	149,500	293,075	276,442	441,287	235,562	464,963	340,144	813,988	813,350	
2027	-	145,650	295,925	276,606	466,800	233,561	461,762	341,894	825,263	813,850	
2028	-	151,800	297,825	276,326	465,400	236,361	463,462	343,344	829,388	803,400	
2029	-	147,000	299,425	275,700	468,700	235,662	464,962	344,494	829,738	812,800	
2030	-	152,200	-	273,800	464,525	234,812	466,263	340,344	839,487	821,450	
2031	-	152,000	-	276,750	465,000	233,562	461,250	346,044	843,338	809,350	
2032	-	156,600	-	274,400	462,800	236,900	-	345,888	851,437	807,100	
2033	-	150,800	-	271,900	-	234,912	-	-	448,638	1,058,662	
2034	-	-	-	273,612	-	237,763	-	-	451,762	1,061,788	
2035	-	-	-	-	-	-	-	-	453,925	1,067,862	
2036	-	-	-	-	-	-	-	-	460,087	1,072,800	
2037	-	-	-	-	-	-	-	-	460,576	1,081,600	
2038	-	-	-	-	-	-	-	-	-	1,081,600	
2039	-	-	-	-	-	-	-	-	-	-	
2040	-	-	-	-	-	-	-	-	-	-	
2041	-	-	-	-	-	-	-	-	-	-	
Total	\$ 619,016	\$ 2,011,050	\$ 1,760,300	\$ 3,026,340	\$ 4,101,586	\$ 2,590,370	\$ 3,711,487	\$ 3,086,440	\$ 9,756,003	\$ 13,736,312	

Summary - Capital Loan Note Principal

Year Ending	June 30	\$ 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	\$ 12,310,000
2024	295,000	340,000	240,000	205,000	320,000	165,000	395,000	260,000	580,000	450,000	
2025	305,000	355,000	250,000	210,000	330,000	170,000	400,000	270,000	590,000	465,000	
2026	-	110,000	260,000	215,000	345,000	175,000	410,000	275,000	610,000	490,000	
2027	-	110,000	270,000	220,000	380,000	180,000	415,000	285,000	635,000	515,000	
2028	-	120,000	280,000	225,000	390,000	190,000	425,000	295,000	655,000	520,000	
2029	-	120,000	290,000	230,000	405,000	195,000	435,000	305,000	675,000	545,000	
2030	-	130,000	-	235,000	415,000	200,000	445,000	310,000	705,000	570,000	
2031	-	135,000	-	245,000	430,000	205,000	450,000	325,000	730,000	575,000	
2032	-	145,000	-	250,000	445,000	215,000	-	335,000	760,000	590,000	
2033	-	145,000	-	255,000	-	220,000	-	-	380,000	860,000	
2034	-	-	-	265,000	-	230,000	-	-	395,000	890,000	
2035	-	-	-	-	-	-	-	-	410,000	925,000	
2036	-	-	-	-	-	-	-	-	430,000	960,000	
2037	-	-	-	-	-	-	-	-	445,000	1,000,000	
2038	-	-	-	-	-	-	-	-	-	1,040,000	
2039	-	-	-	-	-	-	-	-	-	-	
2040	-	-	-	-	-	-	-	-	-	-	
2041	-	-	-	-	-	-	-	-	-	-	
Total	\$ 600,000	\$ 1,710,000	\$ 1,590,000	\$ 2,555,000	\$ 3,460,000	\$ 2,145,000	\$ 3,375,000	\$ 2,660,000	\$ 8,000,000	\$ 10,395,000	

Summary - Capital Loan Note Interest

Year Ending	June 30	\$ 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	\$ 12,310,000
2024	12,458	60,350	44,725	69,952	112,537	70,613	70,862	81,044	250,788	369,100	
2025	6,558	50,150	39,325	65,852	104,537	65,662	62,963	73,244	227,588	346,600	
2026	-	39,500	33,075	61,442	96,287	60,562	54,963	65,144	203,988	323,350	
2027	-	35,650	25,925	56,606	86,800	53,561	46,762	56,894	190,263	298,850	
2028	-	31,800	17,825	51,326	75,400	46,361	38,462	48,344	174,388	283,400	
2029	-	27,000	9,425	45,700	63,700	40,662	29,962	39,494	154,738	267,800	
2030	-	22,200	-	38,800	49,525	34,812	21,263	30,344	134,487	251,450	
2031	-	17,000	-	31,750	35,000	28,562	11,250	21,044	113,338	234,350	
2032	-	11,600	-	24,400	17,800	21,900	-	10,888	91,437	217,100	
2033	-	5,800	-	16,900	-	14,912	-	-	68,638	198,662	
2034	-	-	-	8,612	-	7,763	-	-	56,762	171,788	
2035	-	-	-	-	-	-	-	-	43,925	142,862	
2036	-	-	-	-	-	-	-	-	30,087	112,800	
2037	-	-	-	-	-	-	-	-	15,576	81,600	
2038	-	-	-	-	-	-	-	-	-	41,600	
2039	-	-	-	-	-	-	-	-	-	-	
2040	-	-	-	-	-	-	-	-	-	-	
2041	-	-	-	-	-	-	-	-	-	-	
Total	\$ 19,016	\$ 301,050	\$ 170,300	\$ 471,340	\$ 641,586	\$ 445,370	\$ 336,487	\$ 426,440	\$ 1,756,003	\$ 3,341,312	

**Summary - Capital Loan Note Principal and Interest**

\$	9,705,000	\$	7,120,000	\$	9,485,000	\$	9,260,000	Total	
683,800		460,138		629,319		799,425		6,965,111	
678,300		455,838		626,319		800,225		6,948,161	
677,050		456,388		627,569		800,225		6,389,543	
669,800		451,638		627,819		799,425		6,409,993	
666,800		446,738		627,069		797,825		6,405,738	
572,800		446,688		625,319		800,425		6,323,713	
571,400		441,338		627,569		797,025		6,030,213	
573,650		444,338		628,369		797,825		6,031,476	
570,450		447,138		628,369		798,925		5,580,007	
571,950		449,738		628,069		799,425		4,614,094	
573,000		452,138		627,569		800,975		4,478,607	
573,600		454,338		626,869		796,650		3,973,244	
568,750		461,338		625,969		796,625		3,985,569	
573,600		463,038		629,868		798,875		4,007,557	
572,850		469,006		628,468		-		2,751,924	
571,650		474,656		626,868		-		1,673,174	
-		479,988		625,068		-		1,105,056	
-		-		628,068		-		628,068	
\$	9,669,450	\$	7,754,482	\$	11,294,537	\$	11,183,875	\$	84,301,248

**Summary - Capital Loan Note Principal**

\$	9,705,000	\$	7,120,000	\$	9,485,000	\$	9,260,000	Total	
410,000		310,000		360,000		480,000		4,810,000	
425,000		315,000		375,000		500,000		4,960,000	
445,000		325,000		395,000		520,000		4,575,000	
460,000		330,000		415,000		540,000		4,755,000	
480,000		335,000		435,000		560,000		4,910,000	
410,000		345,000		455,000		585,000		4,995,000	
425,000		350,000		480,000		605,000		4,870,000	
440,000		360,000		500,000		630,000		5,025,000	
450,000		370,000		515,000		650,000		4,725,000	
465,000		380,000		525,000		670,000		3,900,000	
480,000		390,000		535,000		695,000		3,880,000	
495,000		400,000		545,000		715,000		3,490,000	
505,000		415,000		555,000		740,000		3,605,000	
525,000		425,000		570,000		770,000		3,735,000	
540,000		440,000		580,000		-		2,600,000	
555,000		455,000		590,000		-		1,600,000	
-		470,000		600,000		-		1,070,000	
-		-		615,000		-		615,000	
\$	7,510,000	\$	6,415,000	\$	9,045,000	\$	8,660,000	\$	68,120,000

**Summary - Capital Loan Note Interest**

\$	9,705,000	\$	7,120,000	\$	9,485,000	\$	9,260,000	Total	
273,800		150,138		269,319		319,425		2,155,111	
253,300		140,838		251,319		300,225		1,988,161	
232,050		131,388		232,569		280,225		1,814,543	
209,800		121,638		212,819		259,425		1,654,993	
186,800		111,738		192,069		237,825		1,495,738	
162,800		101,688		170,319		215,425		1,328,713	
146,400		91,338		147,569		192,025		1,160,213	
133,650		84,338		128,369		167,825		1,006,476	
120,450		77,138		113,369		148,925		855,007	
106,950		69,738		103,069		129,425		714,094	
93,000		62,138		92,569		105,975		598,607	
78,600		54,338		81,869		81,650		483,244	
63,750		46,338		70,969		56,625		380,569	
48,600		38,038		59,868		28,875		272,557	
32,850		29,006		48,468		-		151,924	
16,650		19,656		36,868		-		73,174	
-		9,988		25,068		-		35,056	
-		-		13,068		-		13,068	
\$	2,159,450	\$	1,339,482	\$	2,249,537	\$	2,523,875	\$	16,181,248

**City of Clinton, Iowa**

**Computation of Legal Debt Margin (Unaudited)  
June 30, 2023**

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Actual Property Valuation-January 1, 2021 (Includes TIF valuation)	<u><u>\$ 1,767,226,843</u></u>
Debt limit, 5% of total actual valuation	\$ 88,361,342
Debt applicable to debt limit, debt service:	
General obligation loan notes and bonds	68,120,000
Due to other government	5,212,158
Tax increment financing indebtedness	<u>361,993</u>
Legal debt margin	<u><u>\$ 14,667,191</u></u>

## City of Clinton, Iowa

### Miscellaneous Statistics (Unaudited) June 30, 2023

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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	24,469
<b>City of Clinton Facilities and Services:</b>	
Miles of Streets	123
<b>Parks and Recreation:</b>	
Parks	18
Park Acreage	496
Swimming Pool	1
Softball and Baseball Diamonds	15
Tennis Courts	10
Baseball Stadium	1
<b>Libraries:</b>	
Number of Registered Borrowers	5,053
Number of Items in Collection	58 977
<b>Police Protection:</b>	
Number of Stations	1
Number of Sworn Officers	47
<b>Fire Protection:</b>	
Number of Stations	3
Number of Fire Personnel	50
<b>Sewer System:</b>	
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	\$12.522 per 100 cubic feet
Commercial Class 3	\$16.374 per 100 cubic feet
<b>Public Transportation System:</b>	
Buses	12
Fixed Routes Served	6
Para Transit Vehicles	6
<b>Municipal Airport:</b>	
Primary Runway Length (in feet)	5,204
Other Runway (in feet)	4,201

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## **COMPLIANCE SECTION**

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City of Clinton, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

	AL Number	Agency or Pass-Through Number	Provided to Subrecipients	Program Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Iowa Economic Development Authority				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-WS-0009	\$ -	\$ 417,525
COVID-19, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-DTR--002	-	379,000
COVID-19, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-041	-	31,362
COVID-19, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-071	-	226,247
COVID-19, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-038	-	375,109
COVID-19, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-046	-	61,794
			-	1,491,037
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0755-20	1,077,828	1,077,828
Total U.S. Department of Housing and Urban Development			1,077,828	2,568,865
<b>U.S. Department of Justice</b>				
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	20-CESF-000472-001	-	16,441
Passed through Governor's Office of Drug Control Policy				
Bulletproof Vest Partnership Program	16.607	2023-BUBX-23035821	-	1,092
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02901-JAGX	-	10,717
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0765	-	24,830
			-	35,547
Comprehensive Opioid Stimulant, and Substance Abuse Program	16.838	2020-AR-BX-0101	78,085	84,553
Total U.S. Department of Justice			78,085	137,633
<b>U.S. Department of Transportation</b>				
Passed through Iowa Department of Transportation				
COVID-19, Formula Grants for Rural Areas and Tribal Transit Program	20.509	2023-001-00-SFY22	-	916,376
Federal Transit Cluster:				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	2019-008-02-FY20	-	159,460
			-	1,075,836
Passed through Iowa Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	22-402-MOPT, Task 15-00-00	-	3,799
State and Community Highway Safety	20.600	23-402-MOPT Task 16-00-00	-	2,460
			-	6,259
National Priority Safety Programs	20.616	22-405d-M6OT Task 15-00-00	-	432
National Priority Safety Programs	20.616	23-405d-M6OT Task 00-16-00	-	2,094
			-	2,526
National Infrastructure Investments	20.933	6-21-STBG-SWAP-002	-	158,621
Total U.S. Department of Transportation			-	1,243,242
<b>U.S. Department of the Treasury</b>				
Passed through Iowa Department of Revenue				
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	-	3,260,236
Total U.S. Department of the Treasury			-	3,260,236

City of Clinton, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2023

	AL Number	Agency or Pass-Through Number	Provided to Subrecipients	Program Expenditures
<b>U.S. Department of Homeland Security</b>				
Passed through Iowa Homeland Security and Emergency Management				
Hazard Mitigation Grant	97.039	HMGP DR 4421	\$ -	\$ 72,637
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2021-FF-00635	-	128,956
Total The Institute of Museum and Library Services			-	201,593
			<u>\$ 1,155,913</u>	<u>\$ 7,411,569</u>

**City of Clinton, Iowa**

**Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023**

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**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, 2023. 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**

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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 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 1, 2024.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that 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 that a material misstatement of the City'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 2023-001 through 2023-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2023-004 to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clinton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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, 2023 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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Clinton's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Clinton's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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.

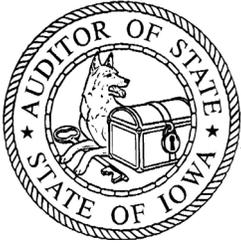
We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clinton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
Ernest H. Ruben, Jr., CPA  
Chief Deputy Auditor of State

April 1, 2024

**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**



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

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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

Opinion on each Major Federal Program

We have audited the City of Clinton, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Clinton's major federal programs for the year ended June 30, 2023. The City of Clinton's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Clinton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Clinton and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Clinton's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Clinton's federal programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Clinton's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the City of Clinton's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Clinton's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Clinton's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Clinton's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as items 2023-005 through 2023-007, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the City of Clinton's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Clinton's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.



Ernest H. Ruben, Jr., CPA  
Chief Deputy Auditor of State

April 1, 2024

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City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**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) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were Assistance Listing Number 14.900 – Lead Hazard Reduction Grant Program, 14.228 – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, and 21.027 – COVID-19 - Coronavirus state and local fiscal recovery funds.
- (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, 2023

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2023-001 Segregation of Duties

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
(3) Bank accounts were not reconciled by an individual who does not sign checks. Bank reconciliations were not timely 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
(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

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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 most likely always have a finding on segregation of duties as we do not have enough staff or enough funding to hire an employee that has the sole responsibility of opening the mail that contains payments made to the City for various reasons (ambulance, utilities, etc.). The City will continue to utilize the Finance Committee to review bank reconciliations and will work to ensure that the timing of the completion of the bank reconciliation, and the review by the Committee member falls within an acceptable period of time as established by the AOS. Lastly, the City will continue to explore controls available through the implementation of linked point of sale systems, to mitigate these separate records 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.

2023-002 Financial Reporting

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, 2023

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

- unrestricted net position, restricted net position, and net investment in capital assets in the Proprietary, Sewer 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;
- subsequent events reported in the footnotes;
- receivables in the miscellaneous, community and economic development, and capital project fund.

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 – The City will work to ensure that the draft report that is received by the AOS for review and comment is error free in future years.

Conclusion – Response accepted.

2023-003 Reconciliation of Utility Billings, Collections and Delinquent Accounts

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.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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 City of Clinton utilizes a computerized Accounts Receivable system for utility billing and collections and tries to work with digital files instead of printed documents to save paper and file space. The Finance Director will implement a procedure that shows proof that the monthly Aging reports are reviewed, and that supporting documentation illustrating collection efforts is married up to those documents.

Conclusion – Response accepted.

2023-004 Computer System

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's disaster recovery plan is missing the following elements:

- Identification of computer equipment needed for temporary processing.
- Identification of business location(s) which could be used to process critical applications in the event of an emergency.
- Requirement a copy of the disaster recovery plan be kept off site.
- Inventory of all hardware and components (e.g.: make, model numbers, serial numbers, etc.).
- Inventory of all software applications (e.g.: operating system and software applications, release versions and vendor names).
- Requirement copies of all user documentation and policy and procedures manuals be located off site.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- Requirement extra stocks of paper supplies, such as checks, warrants, purchase orders, etc., be located off site.
- A determination of whether the disaster recovery plan is adequately tested.
- A requirement that a copy of the Plan will be provided to all appropriate personnel.

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

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 complete 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 complete written disaster recovery plan should be developed.

Response – The Finance Director will work with the IT department to make these changes to the City's Disaster Recovery 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, 2023

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 14.900: Lead-Based Paint Hazard Control in Privately-Owned Housing**  
**Pass-through Entity Identifying Number: IALHB0755-20**  
**Federal Award Year: 2020**  
**Prior Year Finding Number: NA**  
**U. S. Department of Housing and Urban Development**

2023-005 Compliance Monitoring

Criteria – The City entered into an agreement with East Central Intergovernmental Association (ECIA) to administer the Lead-Based Paint Hazard Control in Privately-Owned Housing grant (LBA). The agreement requires ECIA identify applicable federal and state laws and regulations and assist in complying with federal and state requirements. The agreement also requires ECIA monitor and evaluate the project progress to facilitate compliance with applicable federal and state laws and regulations.

Condition – As the primary recipient of the LBA grant, the City is responsible to ensure compliance with the requirements of the Uniform Guidance. ECIA monitored the LBA grant to ensure compliance with the requirements of the Uniform Guidance. However, the City did not review and retain documentation by ECIA to ensure the City complied with the requirements of the Uniform Guidance.

Cause – Although the City contracted with ECIA to administer the grant, the City is the grant recipient and, accordingly, is responsible for ensuring compliance. The City was unaware it retained this responsibility.

Effect – The City is not properly monitoring ECIA to ensure compliance with the requirements of the Uniform Guidance. Noncompliance with the requirements of the Uniform Guidance could result in the loss and refunding of grant funds.

Recommendation – The City should maintain and review documentation to ensure applicable compliance requirements have been met. The review should be evidenced by the initials or signature of the reviewer and the date of the review.

Response and Corrective Action Planned – The City will begin to request that ALL supporting documents of an ECIA claim accompanies the claim. This will include (but is not limited to) the contractor invoices, time analysis worksheets for ECIA personnel being charged to the grant and reporting from ECIA's tracking systems. In addition to those supporting documents, the City is already requesting ECIA's yearly audit report, but will implement a procedure to sign off that it was reviewed.

Conclusion – Response accepted.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-006 Federal Funding Accountability and Transparency Act Reports

Criteria – The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. No. 110-252), requires prime awardees to submit reports regarding their first-tier subawards to the Federal funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports are due for all applicable subrecipient grants by the end of the month subsequent to the month the grants were awarded.

Condition – The City did not report subaward information for one subrecipient as required by the Federal Funding Accountability and Transparency Act.

Cause – Although the City contracted with ECIA to administer the grant, the City remained the grant recipient and, accordingly, retained responsibility for ensuring compliance was met. The City was unaware it retained this responsibility.

Effect – The City is not reporting the required subaward information to ensure compliance with the requirements of the Uniform Guidance.

Recommendation – The City should establish policies and procedures to ensure reports are submitted in accordance with the Federal Funding Accountability and Transparency Act.

Response and Corrective Action Planned – The City is now aware that as the grant recipient, we are responsible for the reporting, and will begin reporting to be in compliance with the requirements of the Uniform Guidance.

Conclusion – Response accepted.

**CFDA Number 14.228: COVID-19 – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii**

**Pass-through Entity Identifying Number: 20-DTR-002, 20-CVN-038, 20-CVN-041, 20-CVN-046, 20-CVN-071, 21-WS-009**

**Federal Award Year: 2020, 2021, 2022**

**Prior Year Finding Number: NA**

**U.S. Department of Housing and Urban Development**

**Passed through the Iowa Economic Development Authority**

2023-007 Special Test – Wage Rate Requirements

Criteria – 29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assistance Construction”, requires contractors to submit a copy of the payroll and statement of compliance (certified payrolls) weekly. Payrolls should be reviewed by the City to ensure compliance with the wage rate requirements.

Condition – Two of three projects’ certified payrolls tested had no evidence of review by the grant administrator.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Cause – Procedures have not been designed and implemented to ensure all certified payrolls are reviewed.

Effect – The City is not always reviewing certified payrolls to ensure compliance with Federal regulations pertaining to wage rate requirements.

Recommendation – The City should implement procedures to ensure certified payrolls are reviewed. The reviews should be documented by the initials or signature of the reviewer and the date of review.

Response and Corrective Action Planned – The City will begin to request that ALL supporting documents of an ECIA claim accompanies the claim. This will include (but is not limited to) the certified payrolls, the contractor invoices, time analysis worksheets for ECIA personnel being charged to the grant and reporting from ECIA's tracking systems.

Conclusion – Response accepted.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**Part IV: Other Findings Related to Required Statutory Reporting:**

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the health and social services, culture and recreation, community and economic development, and general government 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 public works, 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 – The City will work to ensure that the budget is not overspent before a budget amendment is performed.

Conclusion – Response accepted.

2023-B 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.

2023-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2023-D Business Transactions – No business transactions between the City and City officials or employees were noted.

2023-E 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.

2023-F 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.

2023-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2023-H 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.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- 2023-I Revenue Bonds and Notes – The sewer revenue note resolution requires the City to establish, levy and collect rents and other charges for the products and services provided by its sewer system, which rents, rates and other charges shall be at least sufficient (A) to meet the operation and maintenance expenses of such sewer system and (B) to produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue note and any other obligations secured by a pledge of the net revenues falling due in the same year. The City’s fiscal year 2023 net operating revenues of \$4,639,812 is less than 110% of the required debt service payment of \$4,479,739. To meet this requirement, net revenues need to be \$4,927,713.
- Recommendation – The City should ensure the net revenues are not less than 110% of the amount of annual principal and interest, as required by the sewer note resolution.
- Response – The City Council for the City of Clinton has been against a sewer rate increase for its residents. The nation faced record inflation rates and saw costs to run the water treatment operation increase over the last several years. Increased revenues from future development should mitigate this finding in the near future.
- Conclusion – Response acknowledged. The City should ensure the net revenues are not less than 110% of the amount of annual principal and interest each year, as required by the sewer note resolution.
- 2023-J 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 as required by Chapter 384.22(2)(a) of the Code of Iowa. However, the City understated the TIF debt outstanding, and cash reported on the Levy Authority Summary.
- Recommendation – The City should ensure the TIF debt outstanding, and cash reported on the Levy Authority Summary agrees with the City’s records.
- Response – The Finance Director will work to ensure that Urban Renewal report is reported properly.
- Conclusion – Response accepted.
- 2023-K Noncurrent Due to Other Government – In December 2009, the City signed a 28E agreement with Clinton County for the Lincolnway Railport Project. Under the terms of the agreement the County advanced \$6,000,000 to the City for the project. The City was to pay one-half of the sale proceeds from each property sold to the County to reimburse the advance provided by the County. Also, under the terms of the 28E agreement the City and County shall agree on a reimbursement plan, which shall not exceed ten years, for any unpaid balance due on the monies advanced by the County for this project as of December 2020. As of June 30, 2023, a reimbursement agreement with the County has not been reached for the \$5,212,158 unpaid balance as of December 2020.
- Recommendation – The City should consult legal counsel and work with Clinton County to agree upon a reimbursement plan for the unpaid balance.

City of Clinton

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Response – The City objects to the calculation of \$5.2M as still being owed on this 28E agreement with Clinton County. The City is exercising due diligence for its taxpayers and is currently in litigation with the county over this balance. The Lincolnway Railport is a City/County initiative that began in 2009. The City is hopeful for a conclusion to this 28E agreement in FY24.

Conclusion – Response accepted.

City of Clinton

Staff

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