

RESOLUTION NO. 2021-176

**A RESOLUTION ACCEPTING THE ANNUAL FINANCIAL AND
AUDIT REPORT FOR FISCAL YEAR 2019-2020**

WHEREAS, the Auditors of the State of Iowa have released the Annual Financial and Audit Report for Fiscal Year 2019-2020; and,

WHEREAS, the city's Finance Committee has reviewed the report; and,

WHEREAS, the said report has passed all of the levels of review at the state level to include the one-site Audit Supervisor; the Audit Manager; the Deputy Auditor of State; and the Auditor of State, and should be accepted and approved by the City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLINTON, IOWA, that the Annual Financial and Audit Report for Fiscal Year 2019-2020 is hereby accepted and approved.

This resolution is adopted by the City of Clinton and approved by the Mayor this 23 day of March 2021



Mayor

ATTEST:



City Clerk

City of Clinton, Iowa

Financial and Compliance Report
Year Ended June 30, 2020

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CITY OF CLINTON, IOWA

List of Principal Officials

June 30, 2020

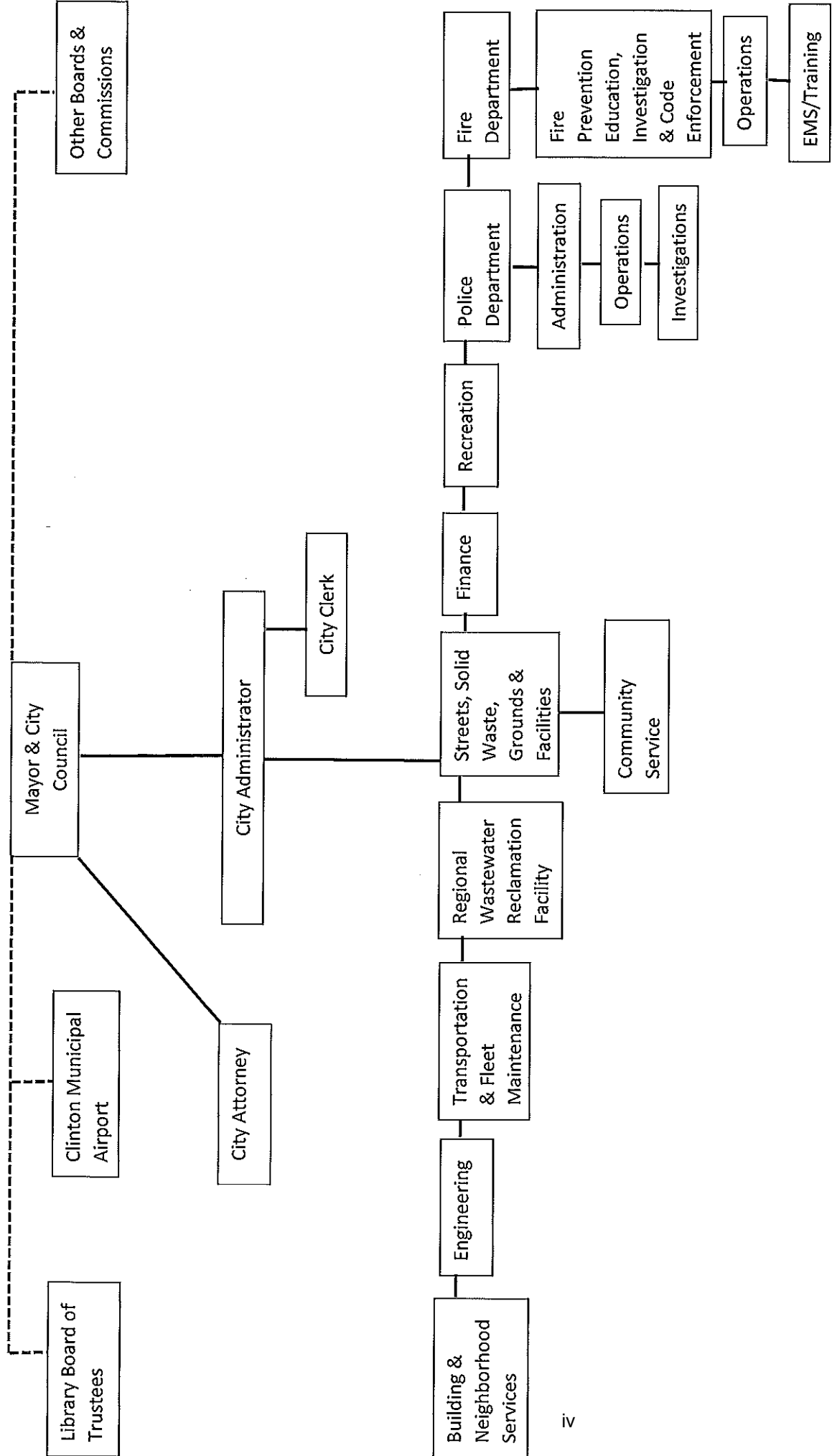
ELECTED OFFICIALS

(Fiscal Year 2020)

Mayor	Scott Maddasion
Council Member	Julie Allessee
Council Member	Cyara Peterson
Council Member	Bill Schemers
Council Member	Ron Mussmann
Council Member	Sean Connell
Council Member	Rhonda Kearns
Council Member	Greg Obren

APPOINTED OFFICIALS

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



Contracted Services:
Human Resources
Information Technology

FINANCIAL SECTION

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OFFICE OF AUDITOR OF STATE STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clinton as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability, the Schedules of City Contributions and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 4 through 14 and 64 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The Introductory and Other Information Sections on pages i through iv and 87 through 104 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2021 on our consideration of the City of Clinton's internal control over financial

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

Marlys K. Gaston, CPA
Deputy Auditor of State

March 16, 2021

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City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020.

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 \$126,512,222 (net position). Of this amount, (\$9,315,334) is unrestricted. Assets and deferred outflows exceeded liabilities and deferred inflows by \$131,649,145 as of June 30, 2019. Of this amount (\$17,020,277) was unrestricted.

For fiscal year 2020, the City's net position decreased (\$5,136,923). Governmental activities net position decreased (\$2,860,962) and business-type activities net position decreased (\$2,275,961). For fiscal year 2019, the City's net position decreased (\$3,445,839).

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$6,700,022, an increase of \$716,770 in comparison with the prior year. Approximately 17% of this amount, \$1,108,425, is unassigned fund balance which is available for spending at the City's discretion. As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$5,983,252, an increase of \$1,220,831 in comparison with the prior year. Approximately 22% of this amount, \$1,329,532, is unassigned fund balance.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,511,551, or 8.8% of total General Fund expenditures, compared to \$1,329,532, or 7.5%, as of June 30, 2019.

Overview of the Financial Statements

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

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

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

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

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

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

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

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

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Local Option Sales Tax Fund, Employee Benefits Fund, Tax Increment Financing Fund, Road Use Tax Fund, Capital Projects Fund, and Debt Service Fund which are considered to be major funds. Data from the other six nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

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 decreased from a year ago. Table 1 reflects total net position of \$126,512,222 at June 30, 2020, which represents a decrease of (\$5,136,923) from, June 30, 2019.

	Governmental Activities June 30, 2020	Governmental Activities June 30, 2019	Business-Type Activities June 30, 2020	Business-Type Activities June 30, 2019	Total June 30, 2020	Total June 30, 2019
Current and other assets	\$ 29,936,930	\$ 28,991,505	\$ 9,540,370	\$ 6,725,011	\$ 39,477,300	\$ 35,716,516
Capital assets	118,290,524	117,857,464	138,670,391	137,804,525	256,960,915	255,661,989
Total assets	148,227,454	146,848,969	148,210,761	144,529,536	296,438,215	291,378,505
Deferred outflows of resources	4,587,029	4,127,446	616,356	630,732	5,203,385	4,758,178
Noncurrent liabilities	75,833,597	70,506,682	69,259,756	63,311,772	145,093,353	133,818,454
Other liabilities	7,988,334	7,858,701	4,492,275	4,635,514	12,480,609	12,494,215
Total liabilities	83,821,931	78,365,383	73,752,031	67,947,286	157,573,962	146,312,669
Deferred inflows of resources	17,255,030	18,012,548	300,386	162,321	17,555,416	18,174,869
Net position:						
Net investment in capital assets	61,014,992	68,684,226	68,807,832	74,470,525	129,822,824	143,154,751
Restricted	5,688,785	5,485,459	315,947	29,212	6,004,732	5,514,671
Unrestricted	(14,966,255)	(19,571,201)	5,650,921	2,550,924	(9,315,334)	(17,020,277)
Total net position	\$ 51,737,522	\$ 54,598,484	\$ 74,774,700	\$ 77,050,661	\$ 126,512,222	\$ 131,649,145

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

Of the City's net position, 102.6% 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, 2019, the City's net investment in capital assets was 104.9% of total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position is 4.7% of total net position as of June 30, 2020 and was 4.2% of total net position as of June 30, 2019. Restricted net position represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position was (\$9,315,334) as of June 30, 2020 and (\$17,020,277) as of June 30, 2019.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2020. 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, 2020

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for service	\$ 3,604,340	\$ 3,262,087	\$ 11,706,701	\$ 12,703,257	\$ 15,311,041	\$ 15,965,344
Operating grants and contributions	4,202,871	4,499,772	1,160,300	1,723,438	5,363,171	6,223,210
Capital grants and contributions	1,135,314	1,230,428	141,761	464,475	1,277,075	1,694,903
General revenues:						
Property tax	15,164,718	14,258,437	-	-	15,164,718	14,258,437
Hotel/motel tax	387,624	390,580	-	-	387,624	390,580
Local option sales tax	3,823,600	3,386,975	-	-	3,823,600	3,386,975
Tax increment financing	1,582,710	1,834,183	-	-	1,582,710	1,834,183
Gaming tax	307,158	199,960	-	-	307,158	199,960
Other tax	1,496,880	1,323,381	-	-	1,496,880	1,323,381
Commercial/industrial tax replacement	743,625	618,578	-	-	743,625	618,578
Investment earnings	30,212	33,406	7,853	23,140	38,065	56,546
Other	386,025	986,104	697	2,621	386,722	988,725
Total revenues	32,865,077	32,023,891	13,017,312	14,916,931	45,882,389	46,940,822
Expenses:						
Public safety	13,858,411	13,703,980	-	-	13,858,411	13,703,980
Public works	9,383,905	7,455,543	-	-	9,383,905	7,455,543
Culture and recreation	4,150,873	3,987,734	-	-	4,150,873	3,987,734
Community and economic development	3,658,012	3,325,951	-	-	3,658,012	3,325,951
General government	2,092,324	1,704,603	-	-	2,092,324	1,704,603
Interest on long-term debt	1,808,323	1,871,797	-	-	1,808,323	1,871,797
Sewer	-	-	10,995,790	12,715,898	10,995,790	12,715,898
Solid waste	-	-	1,325,060	1,336,982	1,325,060	1,336,982
Transit	-	-	2,118,549	2,289,921	2,118,549	2,289,921
Airport operations	-	-	937,631	1,304,364	937,631	1,304,364
Marina	-	-	690,434	689,888	690,434	689,888
Total expenses	34,951,848	32,049,608	16,067,464	18,337,053	51,019,312	50,386,661
Excess (deficiency) before transfers	(2,086,771)	(25,717)	(3,050,152)	(3,420,122)	(5,136,923)	(3,445,839)
Transfers	(774,191)	(7,048,526)	774,191	7,048,526	-	-
Change in net position	(2,860,962)	(7,074,243)	(2,275,961)	3,628,404	(5,136,923)	(3,445,839)
Net position, beginning	54,598,484	61,672,727	77,050,661	73,422,257	131,649,145	135,094,984
Net position, ending	\$ 51,737,522	\$ 54,598,484	\$ 74,774,700	\$ 77,050,661	\$ 126,512,222	\$ 131,649,145

The City's total net position decreased (\$5,136,923) during the year ended June 30, 2020. The governmental activities net position decreased (\$2,860,962) due to the City bonding for capital projects activities that are not capitalized. The business-type activities net position decreased (\$2,275,961) due to decreased transfers in from the governmental activities from the prior year issuance of long-term debt to fund planned projects.

City of Clinton, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2020

Table 3 below discloses cost of services for governmental activities.

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

Table 3 - Governmental Activities

Programs	Total Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2020	Net Cost of Services 2019
Public safety	\$ 13,858,411	\$ 13,703,980	\$ 11,478,999	\$ 11,717,501
Public works	9,383,905	7,455,543	4,575,755	1,973,711
Culture and recreation	4,150,873	3,987,734	3,666,922	3,435,577
Community and economic development	3,658,012	3,325,951	3,652,862	3,316,566
General government	2,092,324	1,704,603	826,462	742,169
Interest on long-term debt	1,808,323	1,871,797	1,808,323	1,871,797
Total	\$ 34,951,848	\$ 32,049,608	\$ 26,009,323	\$ 23,057,321

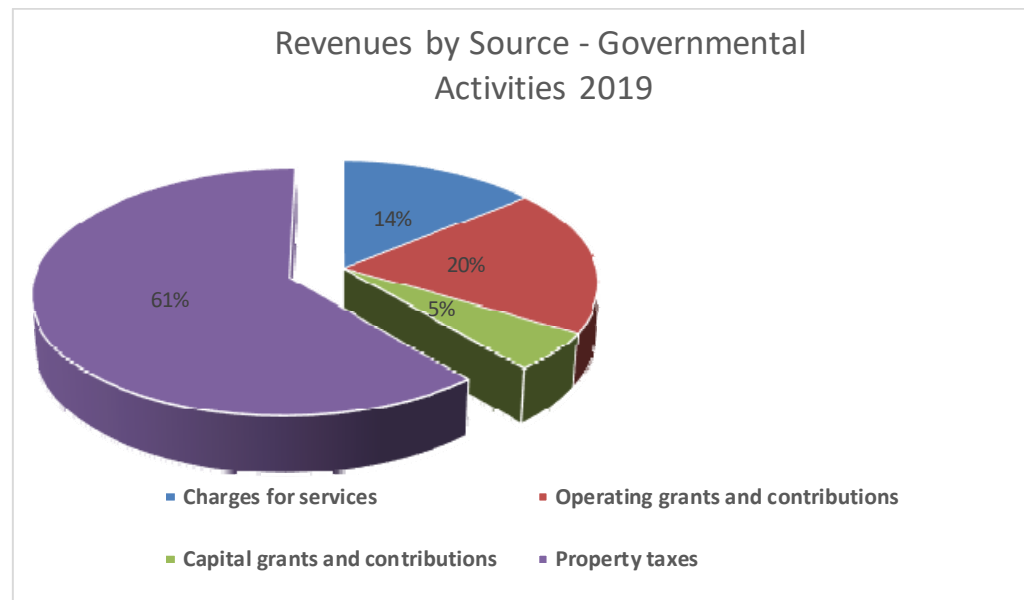
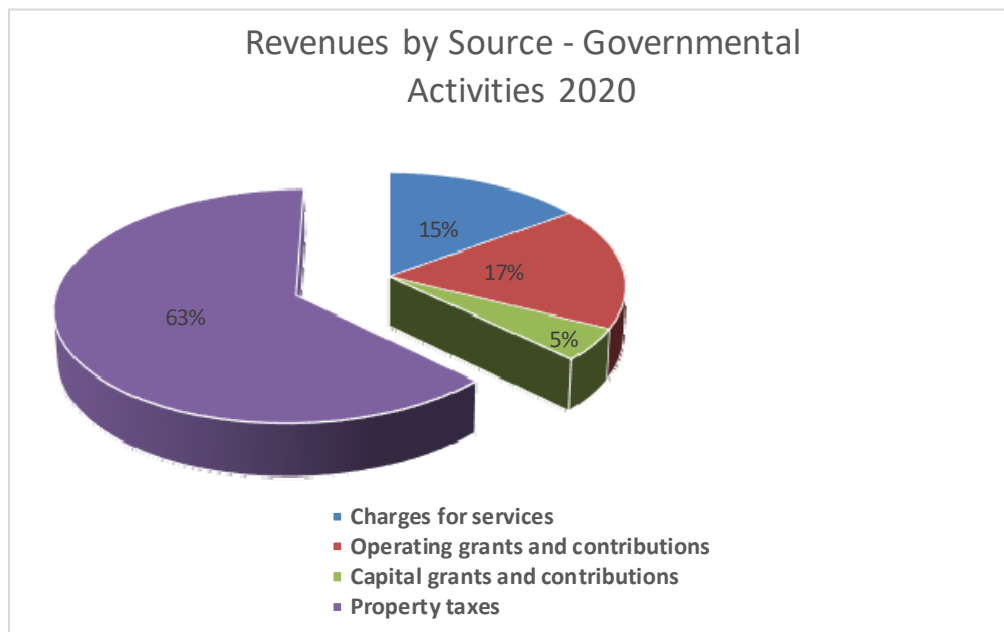
Net cost of services is 74.4% of total cost of services for the year ended June 30, 2020 and 71.9% for the year ended June 30, 2019. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

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 2020 and 2019.



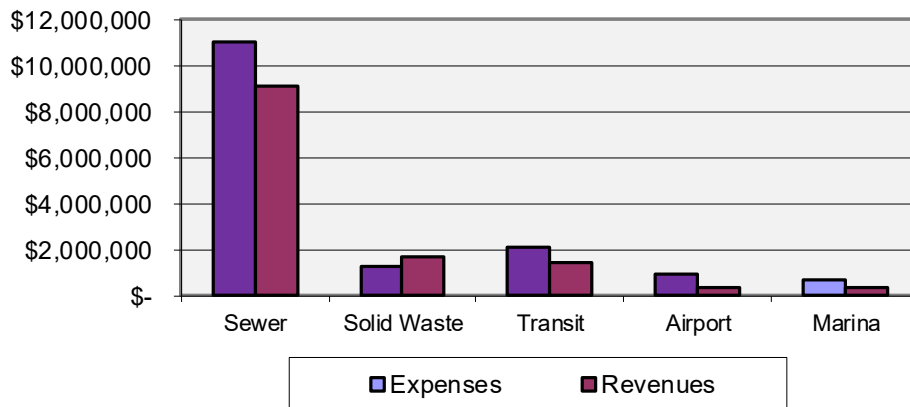
City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

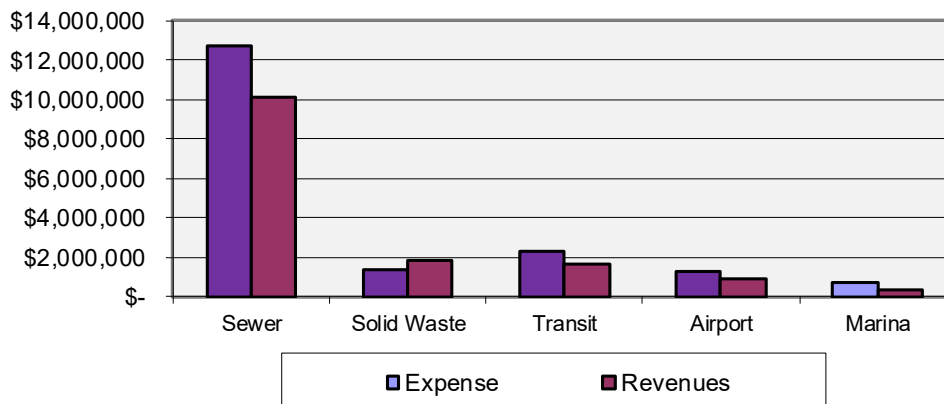
Business-type activities: For the year ended June 30, 2020, the business-type activities decreased the City's net position by (\$2,275,961). For the year ended June 30, 2019, the business-type activities increased the City's net position \$3,628,404.

Total business-type activities revenue for the fiscal year ended June 30, 2020 was \$13,017,312. All but \$8,550 of this revenue was generated for specific business-type activity expenses. For the fiscal year ended June 30, 2019, total business-type activities revenue was \$14,916,931, all but \$25,761 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 2020 and 2019.

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



**Expenses and Program Revenues - Business-Type Activities
2019**



City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020, the City's governmental funds reported combined ending fund balances of \$6,700,022, an increase of \$716,770 over June 30, 2019. The City's unassigned fund balance was \$1,511,551 as of June 30, 2020 compared to \$1,329,532 as of June 30, 2019. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate it is 1) not in spendable form - \$51,027 2) legally required to be maintained intact or restricted for particular purposes or by third parties - \$5,240,570 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 \$1,511,551. Total fund balance of the General Fund increased \$163,990 from \$1,391,588 at June 30, 2019 to \$1,555,578 at June 30, 2020. 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 8.8% of total General Fund expenditures compared to approximately 7.5% in the prior year, while total fund balance represents approximately 9.0% of General fund expenditures compared to approximately 7.8% 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 75.1% 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 13.3% of the City's General Fund revenues were derived from charges for service.

The fund balance of the City's General Fund increased \$163,990, or 11.8% during the current fiscal year. This was primarily due to a decrease in public safety expenditures for medical claims related to work injuries, offset by an increase in ambulance charges for services.

The Special Revenue, Local Option Sales Tax Fund accounts for the local option sales tax. Fund balance decreased (\$242,156) from \$287,505 at June 30, 2019 to \$45,349 at June 30, 2020. This was related to increased transfers to the Sewer Fund for storm sewer improvements

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 decreased (\$796,803) from \$393,677 at June 30, 2019 to (\$403,126) at June 30, 2020, due to increased transfers out for benefits.

The Special Revenue, Tax Increment Financing Fund accounts for property tax for urban renewal. Fund balance increased \$267,051 from \$556,294 at June 30, 2019 to \$823,345 at June 30, 2020 due to a decrease in expenditures for TIF development agreements.

The Special Revenue, Road Use Tax Fund accounts for taxes for road and street improvements. Fund balance increased \$382,940 from \$200,184 at June 30, 2019 to \$583,124 at June 30, 2020. The increase was due to an insurance reimbursement for a salt storage building which collapsed.

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

The Capital Projects Fund fund balance increased \$1,253,125 to \$3,006,104 during fiscal year 2020 from \$1,752,979 at June 30, 2019. This increase was due to the issuance of \$9,705,000 of general obligation notes.

The Debt Service Fund fund balance decreased (\$108,649) from \$516,291 at June 30, 2019 to \$407,642 at June 30, 2020. The Debt Service Fund continues to service debt as it comes due.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Sewer Fund had a change in net position of (\$1,208,285) primarily due to decreased transfers in from the Capital Projects fund from the issuance of long-term debt to fund planned projects. The Solid Waste Collection Fund had a change in net position of \$87,752 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.

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 \$4,952,227. The budget amendment was made to adjust revenues and expenditures for capital projects and grant revenues.

During the year, expenditures were less than budgeted except for the public works, culture and recreation, community and economic development, general government and debt service functions which were over budget by \$81,137, \$142,797, \$49,815, \$731,264 and \$1,456,912 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, 2020 totals \$256,960,915 (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 soccer complex and city hall parking lot.

City of Clinton's Capital Assets Net of Depreciation						
	Governmental Activities		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 23,311,632	\$ 23,311,632	\$ 3,654,071	\$ 3,654,071	\$ 26,965,703	\$ 26,965,703
Construction-in-progress	1,706,635	1,731,984	7,223,229	7,476,766	8,929,864	9,208,750
Intangible assets	72,880	1,461	-	-	72,880	1,461
Machinery and equipment	4,734,734	4,372,734	2,442,861	2,031,040	7,177,595	6,403,774
Land Improvements	3,202,802	1,841,538	526,331	566,337	3,729,133	2,407,875
Buildings	9,548,827	9,687,714	9,903,856	10,366,325	19,452,683	20,054,039
Infrastructure	75,713,014	76,910,401	114,920,043	113,709,986	190,633,057	190,620,387
Total	\$ 118,290,524	\$ 117,857,464	\$ 138,670,391	\$ 137,804,525	\$ 256,960,915	\$ 255,661,989

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

City of Clinton, Iowa

Management's Discussion and Analysis Year Ended June 30, 2020

Debt - As of June 30, 2020, the City had general obligation loan notes and general obligation bonds payable totaling \$56,625,000 compared to \$53,135,000 as of June 30, 2019. For the year ended June 30, 2020, the City paid \$6,215,000 in principal and \$1,882,219 in interest on outstanding general obligation debt. As of June 30, 2020, the City had \$69,472,000 in sewer revenue notes. The City paid \$2,610,000 in principal and \$1,692,394 in interest.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and notes	\$ 56,625,000	\$ 53,135,000	\$ -	\$ -	\$ 56,625,000	\$ 53,135,000
Sewer revenue notes	-	-	69,472,000	63,334,000	69,472,000	63,334,000
Capital lease	-	-	390,559	-	390,559	-
Due to other government	5,252,591	5,252,591	-	-	5,252,591	5,252,591
Total	\$ 61,877,591	\$ 58,387,591	\$ 69,862,559	\$ 63,334,000	\$ 131,740,150	\$ 121,721,591

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 2020 to \$1,414,489,947 from \$1,412,854,501 in 2019.
- The unemployment rate for Clinton County for June 2020 was 9.5% compared to 8.0% for the State of Iowa and 11.2% nationally.
- The General Fund is significantly funded by property taxes. Therefore, the City continues to encourage new development that supports these revenue sources.

Requests for Information

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

City of Clinton, Iowa

Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets:			
Current assets:			
Cash and investments	\$ 10,212,338	\$ 2,592,044	\$ 12,804,382
Receivables:			
Property tax:			
Delinquent	635,369	-	635,369
Succeeding year	14,106,241	-	14,106,241
Tax increment financing:			
Delinquent	169,890	-	169,890
Succeeding year	2,563,090	-	2,563,090
Special assessments	401,642	252,904	654,546
Loan receivable	-	4,125,187	4,125,187
Other taxes	79,327	-	79,327
Accounts, net of allowances for uncollectibles of \$987,545	350,206	1,961,930	2,312,136
Other	216,205	27,044	243,249
Intergovernmental	1,543,786	35,190	1,578,976
Asset held for sale	125,000	-	125,000
Prepaid items	78,407	1,500	79,907
Internal balances	(544,571)	544,571	-
Total current assets	29,936,930	9,540,370	39,477,300
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	23,311,632	3,654,071	26,965,703
Construction-in-progress	1,706,635	7,223,229	8,929,864
Depreciable:			
Machinery and equipment	19,194,202	12,598,489	31,792,691
Land improvements	6,281,810	1,120,027	7,401,837
Buildings	21,526,884	25,139,890	46,666,774
Intangibles	268,976	56,357	325,333
Infrastructure	165,007,707	202,914,753	367,922,460
Less accumulated depreciation	(119,007,322)	(114,036,425)	(233,043,747)
Total capital assets	118,290,524	138,670,391	256,960,915
Total assets	148,227,454	148,210,761	296,438,215
Deferred Outflows of Resources:			
OPEB related deferred outflows	198,633	51,266	249,899
Pension related deferred outflows	4,388,396	565,090	4,953,486
Total deferred outflows of resources	4,587,029	616,356	5,203,385

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current liabilities:			
Accounts payable	1,627,894	757,310	2,385,204
Salaries payable	352,582	-	352,582
Contracts payable	74,715	317,867	392,582
Claims payable	360,591	-	360,591
Accrued interest payable	88,579	145,338	233,917
Compensated absences	730,973	151,663	882,636
Current portion of capital lease	-	92,097	92,097
Current portion of early retirement	108,000	18,000	126,000
Current portion of bonds and notes	4,645,000	3,010,000	7,655,000
Total current liabilities	7,988,334	4,492,275	12,480,609
Noncurrent liabilities:			
Total OPEB liability	1,686,662	435,324	2,121,986
Early retirement	57,000	15,000	72,000
Net pension liability	15,174,051	2,048,970	17,223,021
Due to other government	5,252,591	-	5,252,591
General obligation notes and bonds, net	53,663,293	-	53,663,293
Capital lease	-	298,462	298,462
Sewer revenue notes	-	66,462,000	66,462,000
Total noncurrent liabilities	75,833,597	69,259,756	145,093,353
Total liabilities	83,821,931	73,752,031	157,573,962
Deferred inflows of resources:			
Succeeding year property tax	14,106,241	-	14,106,241
Tax increment financing	2,563,090	-	2,563,090
Pension related deferred inflows	584,811	300,058	884,869
OPEB related deferred inflows	888	328	1,216
Total deferred inflows of resources	17,255,030	300,386	17,555,416
Net Position:			
Net investment in capital assets	61,014,992	68,807,832	129,822,824
Restricted for:			
Nonexpendable endowment corpus	7,000	-	7,000
Streets	583,124	-	583,124
Capital improvements	2,341,674	315,947	2,657,621
Community programs and services	1,396,159	-	1,396,159
Other purposes	25,353	-	25,353
Debt service	1,335,475	-	1,335,475
Unrestricted	(14,966,255)	5,650,921	(9,315,334)
Total net position	\$ 51,737,522	\$ 74,774,700	\$ 126,512,222

City of Clinton, Iowa

Statement of Activities
Year Ended June 30, 2020

Functions/Programs:	Expenses	Program Revenues	
		Charges for Sales and Services	Operating Grants and Contributions
Governmental activities:			
Public safety	\$ 13,858,411	\$ 2,246,415	\$ 132,997
Public works	9,383,905	105,804	3,567,032
Culture and recreation	4,150,873	461,578	22,373
Community and economic development	3,658,012	5,150	-
General government	2,092,324	785,393	480,469
Interest and fiscal charges on long-term debt	1,808,323	-	-
Total governmental activities	34,951,848	3,604,340	4,202,871
Business-type activities:			
Sewer	10,995,790	8,940,834	167,995
Solid waste collection	1,325,060	1,699,531	-
Transit system	2,118,549	438,874	992,305
Airport operations	937,631	258,195	-
Marina	690,434	369,267	-
Total business-type activities	16,067,464	11,706,701	1,160,300
Total	\$ 51,019,312	\$ 15,311,041	\$ 5,363,171

General Revenues

Taxes:

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

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Total
	Governmental Activities	Business-Type Activities		
\$ -	\$ (11,478,999)	\$ -	\$	(11,478,999)
1,135,314	(4,575,755)	-		(4,575,755)
-	(3,666,922)	-		(3,666,922)
-	(3,652,862)	-		(3,652,862)
-	(826,462)	-		(826,462)
-	(1,808,323)	-		(1,808,323)
1,135,314	(26,009,323)	-		(26,009,323)
-	-	(1,886,961)		(1,886,961)
-	-	374,471		374,471
-	-	(687,370)		(687,370)
141,761	-	(537,675)		(537,675)
-	-	(321,167)		(321,167)
141,761	-	(3,058,702)		(3,058,702)
<u>\$ 1,277,075</u>	<u>(26,009,323)</u>	<u>(3,058,702)</u>		<u>(29,068,025)</u>

15,164,718	-	15,164,718
387,624	-	387,624
3,823,600	-	3,823,600
1,582,710	-	1,582,710
307,158	-	307,158
1,496,880	-	1,496,880
743,625	-	743,625
30,212	7,853	38,065
-	697	697
386,025	-	386,025
(774,191)	774,191	-
<u>23,148,361</u>	<u>782,741</u>	<u>23,931,102</u>
(2,860,962)	(2,275,961)	(5,136,923)
54,598,484	77,050,661	131,649,145
<u>\$ 51,737,522</u>	<u>\$ 74,774,700</u>	<u>\$ 126,512,222</u>

City of Clinton, Iowa

**Balance Sheet
Governmental Funds
June 30, 2020**

		Special	
		Local Option Sales Tax	Employee Benefits
Assets	General		
Cash and investments	\$ 990,946	\$ -	\$ -
Receivables, net of allowance \$150,088:			
Property tax:			
Delinquent	330,028	-	146,634
Succeeding year	7,829,163	-	4,306,968
Tax increment financing:			
Delinquent	-	-	-
Succeeding year	-	-	-
Other taxes	79,327	-	-
Service fees	350,206	-	-
Intergovernmental	8,716	954,140	-
Special assessments	50,175	-	-
Other	158,309	-	-
Asset held for sale	-	-	-
Prepaid items	44,027	-	-
Due from other funds	657,363	-	-
Advances to other funds	-	-	-
Total assets	\$ 10,498,260	\$ 954,140	\$ 4,453,602
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 441,654	\$ -	\$ -
Salaries payable	352,582	-	-
Contracts payable	-	-	-
Due to other funds	-	227,170	430,193
Total liabilities	794,236	227,170	430,193
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	7,829,163	-	4,306,968
Tax increment financing	-	-	-
Special assessments	50,175	-	-
Local option sales tax	-	681,621	-
Delinquent taxes	269,108	-	119,567
Other	-	-	-
Total deferred inflows of resources	8,148,446	681,621	4,426,535
Fund balances:			
Nonspendable:			
Prepaid items	44,027	-	-
Endowment corpus	-	-	-
Restricted:			
Debt service	-	-	-
Streets	-	-	-
Capital improvements	-	22,674	-
Community programs and services	-	22,675	-
Other	-	-	-
Unassigned	1,511,551	-	(403,126)
Total fund balances	1,555,578	45,349	(403,126)
Total liabilities, deferred inflows of resources and fund balances	\$ 10,498,260	\$ 954,140	\$ 4,453,602

See Notes to Basic Financial Statements.

Revenue						
Tax Increment Financing	Road Use Tax	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total	
\$ 653,715	\$ 325,289	\$ 3,573,804	\$ 225,033	\$ 758,469	\$	6,527,256
-	-	-	146,624	12,083		635,369
-	-	-	1,633,044	337,066		14,106,241
169,890	-	-	-	-		169,890
2,563,090	-	-	-	-		2,563,090
-	-	-	-	-		79,327
-	-	-	-	-		350,206
-	461,594	40,000	-	79,336		1,543,786
-	-	4,847	-	346,620		401,642
-	-	-	20,213	37,683		216,205
-	-	-	-	125,000		125,000
-	-	-	-	-		44,027
-	-	125,000	-	-		782,363
-	-	-	120,000	-		120,000
\$ 3,386,695	\$ 786,883	\$ 3,743,651	\$ 2,144,914	\$ 1,696,257	\$	27,664,402
\$ -	\$ 203,759	\$ 657,985	\$ -	\$ 169,165	\$	1,472,563
-	-	-	-	-		352,582
-	-	74,715	-	-		74,715
-	-	-	-	125,000		782,363
-	203,759	732,700	-	294,165		2,682,223
-	-	-	1,633,044	337,066		14,106,241
2,563,090	-	-	-	-		2,563,090
-	-	4,847	-	-		55,022
-	-	-	-	-		681,621
260	-	-	104,228	8,288		501,451
-	-	-	-	374,732		374,732
2,563,350	-	4,847	1,737,272	720,086		18,282,157
-	-	-	-	-		44,027
-	-	-	-	7,000		7,000
823,345	-	-	407,642	-		1,230,987
-	583,124	-	-	-		583,124
-	-	3,006,104	-	-		3,028,778
-	-	-	-	649,653		672,328
-	-	-	-	25,353		25,353
-	-	-	-	-		1,108,425
823,345	583,124	3,006,104	407,642	682,006		6,700,022
\$ 3,386,695	\$ 786,883	\$ 3,743,651	\$ 2,144,914	\$ 1,696,257	\$	27,664,402

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City of Clinton, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020**

Total governmental fund balances \$ 6,700,022

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	\$ 237,297,846	
Accumulated depreciation	(119,007,322)	118,290,524

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

Special assessments	55,022	
Local option sales tax	681,621	
Delinquent property tax	501,451	
Other	374,732	1,612,826

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 bonds and notes, current	(4,645,000)	
General obligation bonds and notes, noncurrent	(51,980,000)	
Bond premium	(1,683,293)	
Accrued interest payable	(88,579)	
Compensated absences, current	(730,973)	
Early retirement, current	(108,000)	
Early retirement, noncurrent	(57,000)	
Total OPEB obligation	(1,686,662)	
Due to other government	(5,252,591)	
Net pension liability	(15,174,051)	(81,406,149)

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	4,388,396	
Pension related deferred inflows of resources	(584,811)	
OPEB related deferred outflows of resources	198,633	
OPEB related deferred inflows of resources	(888)	4,001,330

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	3,719,462	
Other current liabilities	(515,922)	
Internal Service Fund allocated to business-type activities	(664,571)	2,538,969

Net position of governmental activities	\$ 51,737,522
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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, 2020

		Special	
	General	Local Option Sales Tax	Employee Benefits
Revenues:			
Property tax	\$ 7,793,202	\$ -	\$ 3,385,850
Tax increment financing	-	-	-
Other city tax	1,509,797	3,395,533	432,670
Licenses and permits	356,797	-	-
Use of money and property	339,670	337	-
Intergovernmental	508,026	-	141,988
Charges for service	1,654,109	-	-
Miscellaneous	230,790	-	-
Total revenues	12,392,391	3,395,870	3,960,508
Expenditures:			
Current:			
Public safety	12,069,400	-	-
Public works	-	-	-
Culture and recreation	2,948,016	-	-
Community and economic development	700,490	-	-
General government	1,550,080	-	18,791
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	17,267,986	-	18,791
Revenues over (under) expenditures	(4,875,595)	3,395,870	3,941,717
Other financing sources (uses):			
Proceeds from long-term debt	-	-	-
Note premium	-	-	-
Insurance recovery	-	-	-
Transfers in	6,147,836	-	-
Transfers out	(1,108,251)	(3,638,026)	(4,738,520)
Total other financing sources (uses)	5,039,585	(3,638,026)	(4,738,520)
Net change in fund balances	163,990	(242,156)	(796,803)
Fund balances, beginning of year	1,391,588	287,505	393,677
Fund balances, ending of year	\$ 1,555,578	\$ 45,349	\$ (403,126)

See Notes to Basic Financial Statements.

Revenue						
Tax Increment Financing	Road Use Tax	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total	
\$ -	\$ -	\$ -	\$ 3,384,867	\$ 327,732	\$	14,891,651
1,582,710	-	-	-	-		1,582,710
-	-	-	47,857	201,338		5,587,195
-	3,775	-	-	31,259		391,831
1,988	454	76,249	637	2,975		422,310
97,942	3,640,825	306,196	165,221	1,221,612		6,081,810
-	-	-	-	153,680		1,807,789
-	84,992	155,000	20,213	98,986		589,981
1,682,640	3,730,046	537,445	3,618,795	2,037,582		31,355,277
-	-	-	-	16,453		12,085,853
-	3,733,131	-	-	24,054		3,757,185
-	-	-	-	296,143		3,244,159
1,346,429	-	-	-	1,609,938		3,656,857
-	-	95,671	472,135	335,952		2,472,629
-	-	7,829,076	-	-		7,829,076
-	-	-	6,215,000	-		6,215,000
-	-	-	1,882,219	-		1,882,219
-	-	124,316	6,949	-		131,265
1,346,429	3,733,131	8,049,063	8,576,303	2,282,540		41,274,243
336,211	(3,085)	(7,511,618)	(4,957,508)	(244,958)		(9,918,966)
-	-	9,705,000	-	-		9,705,000
-	-	768,902	-	-		768,902
-	386,025	-	-	-		386,025
-	-	110,749	4,848,859	769,257		11,876,701
(69,160)	-	(1,819,908)	-	(727,027)		(12,100,892)
(69,160)	386,025	8,764,743	4,848,859	42,230		10,635,736
267,051	382,940	1,253,125	(108,649)	(202,728)		716,770
556,294	200,184	1,752,979	516,291	884,734		5,983,252
\$ 823,345	\$ 583,124	\$ 3,006,104	\$ 407,642	\$ 682,006	\$	6,700,022

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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, 2020

Net change in fund balances - governmental funds		\$	716,770
Amounts reported for governmental activities in the statement of activities are different because governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:			
Capital outlay			6,994,358
Depreciation:			
Public safety	\$	(826,325)	
Public works		(4,761,808)	
Culture and recreation		(861,874)	
General government		(98,658)	(6,548,665)
Loss on disposal of capital assets			(12,633)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
Special assessments		(434,286)	
Local option sales tax		428,067	
Delinquent taxes		273,067	
Other		306,928	573,776
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Pension expense		(3,167,344)	
Change in compensated absences		(30,610)	
Change in other postemployment benefits obligation		24,500	
Change in litigation payable		450,000	
Change in early retirement payable		108,000	(2,615,454)
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			
Change in Internal Service Fund allocation to business-type activities			122,788
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.			
			2,003,326
The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:			
Issuance of long-term debt		(9,705,000)	
Bond premium amortization		(575,655)	
Repayment of bonds and notes principal		6,215,000	
Accrued interest payable		11,914	(4,053,741)
Change in net position of governmental activities		\$	(2,860,962)

See Notes to Basic Financial Statements.

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City of Clinton, Iowa

**Statement of Net Position
Proprietary Funds
June 30, 2020**

	Enterprise			Total	Internal Service
	Sewer	Solid Waste Collection	Nonmajor Enterprise	Enterprise Funds	Health Insurance
Assets					
Current assets:					
Cash and investments	\$ 429,143	\$ 1,116,502	\$ 1,046,399	\$ 2,592,044	\$ 3,685,082
Receivables, net of allowance for uncollectible amounts of \$837,457:					
Service fees	1,529,600	432,330	-	1,961,930	-
Special assessments	221,524	31,380	-	252,904	-
Loan receivable	4,125,187	-	-	4,125,187	-
Other	-	-	27,044	27,044	-
Intergovernmental	-	-	35,190	35,190	-
Prepays	-	-	1,500	1,500	34,380
Due from other funds	-	-	53,757	53,757	-
Total current assets	6,305,454	1,580,212	1,163,890	9,049,556	3,719,462
Noncurrent assets:					
Capital assets:					
Nondepreciable:					
Land	2,377,526	-	1,276,545	3,654,071	-
Construction-in-progress	7,170,225	-	53,004	7,223,229	-
Depreciable:					
Machinery and equipment	5,449,802	1,810,550	5,338,137	12,598,489	-
Land improvements	519,058	36,000	564,969	1,120,027	-
Buildings	18,752,048	145,695	6,242,147	25,139,890	-
Intangibles	35,756	-	20,601	56,357	-
Infrastructure	172,751,088	-	30,163,665	202,914,753	-
Accumulated depreciation	(86,191,634)	(1,293,983)	(26,550,808)	(114,036,425)	-
Total noncurrent assets	120,863,869	698,262	17,108,260	138,670,391	-
Total assets	127,169,323	2,278,474	18,272,150	147,719,947	3,719,462
Deferred outflows of resources:					
OPEB related deferred outflows	24,111	7,606	19,549	51,266	-
Pension related deferred outflows	234,210	82,178	248,702	565,090	-
Total deferred outflows of resources	258,321	89,784	268,251	616,356	-
Liabilities and Net Position					
Current liabilities:					
Accounts payable	675,393	34,875	47,042	757,310	155,331
Contracts payable	317,867	-	-	317,867	-
Early retirement payable	-	-	18,000	18,000	-
Accrued interest payable	145,338	-	-	145,338	-
Compensated absences	51,396	15,097	85,170	151,663	-
Claims payable	-	-	-	-	360,591
Capital lease	92,097	-	-	92,097	-
Notes payable	3,010,000	-	-	3,010,000	-
Due to other funds	-	-	53,757	53,757	-
Total current liabilities	4,292,091	49,972	203,969	4,546,032	515,922
Noncurrent liabilities:					
Total OPEB liability	204,738	64,583	166,003	435,324	-
Early retirement payable	-	-	15,000	15,000	-
Notes payable	66,462,000	-	-	66,462,000	-
Capital lease	298,462	-	-	298,462	-
Net pension liability	846,273	322,582	880,115	2,048,970	-
Advances from other funds	-	-	120,000	120,000	-
Total noncurrent liabilities	67,811,473	387,165	1,181,118	69,379,756	-
Total liabilities	72,103,564	437,137	1,385,087	73,925,788	515,922
Deferred inflows of resources:					
OPEB related deferred inflows	117	37	174	328	-
Pension related deferred inflows	124,875	30,865	144,318	300,058	-
Total deferred inflows of resources	124,992	30,902	144,492	300,386	-
Net position:					
Net investment in capital assets	51,001,310	698,262	17,108,260	68,807,832	-
Restricted for capital improvements	315,947	-	-	315,947	-
Unrestricted	3,881,831	1,201,957	(97,438)	4,986,350	3,203,540
Total net position	\$ 55,199,088	\$ 1,900,219	\$ 17,010,822	\$ 74,110,129	\$ 3,203,540

See Notes to Basic Financial Statements.

City of Clinton, Iowa

**Reconciliation of Enterprise Funds Net Position
to the Statement of Net Position
June 30, 2020**

Total enterprise funds net position	\$ 74,110,129
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Amounts reported for enterprise funds in the statement of net position are different because:

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

664,571

Net position of business-type activities

<u>\$ 74,774,700</u>

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, 2020

	Enterprise			Total Enterprise Funds	Internal Service	
	Sewer	Solid Waste Collection	Nonmajor Enterprise		Health Insurance	
Operating revenues:						
Charges for service	\$ 8,894,556	\$ 1,699,531	\$ 713,706	\$ 11,307,793	\$ 3,677,010	
Property rental	-	-	334,880	334,880	-	
Miscellaneous	46,278	-	17,750	64,028	-	
Total operating revenues	8,940,834	1,699,531	1,066,336	11,706,701	3,677,010	
Operating expenses:						
Personal services	1,662,311	592,364	1,649,027	3,903,702	-	
Commodities	-	165,338	408,128	573,466	-	
Contractual services	614,776	152,299	249,227	1,016,302	3,015,727	
Repairs, maintenance and utilities	1,368,674	282,332	178,847	1,829,853	-	
Miscellaneous	459,031	-	-	459,031	-	
Depreciation	5,218,098	138,901	1,277,204	6,634,203	-	
Total operating expenses	9,322,890	1,331,234	3,762,433	14,416,557	3,015,727	
Operating income (loss)	(382,056)	368,297	(2,696,097)	(2,709,856)	661,283	
Nonoperating revenues (expenses):						
Investment earnings	4,095	3,758	-	7,853	11,505	
Miscellaneous	-	697	-	697	-	
Interest expense and fiscal charges	(1,692,394)	-	-	(1,692,394)	-	
Intergovernmental	167,995	-	1,134,066	1,302,061	-	
Net nonoperating revenues (expenses)	(1,520,304)	4,455	1,134,066	(381,783)	11,505	
Income (loss) before capital contributions and transfers	(1,902,360)	372,752	(1,562,031)	(3,091,639)	672,788	
Transfers in	694,075	-	408,154	1,102,229	-	
Transfers out	-	(285,000)	(43,038)	(328,038)	(550,000)	
Change in net position	(1,208,285)	87,752	(1,196,915)	(2,317,448)	122,788	
Total net position, beginning of year	56,407,373	1,812,467	18,207,737	76,427,577	3,080,752	
Total net position, end of year	\$ 55,199,088	\$ 1,900,219	\$ 17,010,822	\$ 74,110,129	\$ 3,203,540	

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, 2020**

Net changes in net position in enterprise funds	\$ (2,317,448)
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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.

41,487

Change in net position of business-type activities

<u>\$ (2,275,961)</u>

See Notes to Basic Financial Statements.

City of Clinton, Iowa

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Enterprise			Total	Internal Service
	Sewer	Solid Waste Collection	Nonmajor Enterprise	Enterprise Funds	Health Insurance
Cash flows from operating activities:					
Receipts from customers and users	\$ 9,013,956	\$ 1,811,639	\$ 1,105,545	\$ 11,931,140	\$ 3,691,620
Payments to suppliers	(2,911,074)	(597,421)	(889,765)	(4,398,260)	(3,056,280)
Payments to employees	(1,617,673)	(575,916)	(1,515,125)	(3,708,714)	-
Net cash provided by (used in) operating activities	4,485,209	638,302	(1,299,345)	3,824,166	635,340
Cash flows from noncapital financing activities:					
Intergovernmental	411,669	-	1,807,514	2,219,183	-
Due to other funds	-	-	256,137	256,137	-
Due from other funds	-	-	(390,161)	(390,161)	-
Transfers in	694,075	-	408,154	1,102,229	-
Transfers out	-	(285,000)	(43,038)	(328,038)	(550,000)
Net cash provided by (used in) noncapital financing activities	1,105,744	(285,000)	2,038,606	2,859,350	(550,000)
Cash flows from capital and related financing activities:					
Purchase of capital assets	(7,417,582)	-	(82,487)	(7,500,069)	-
Proceeds from long term debt	5,038,813	-	-	5,038,813	-
Payment on debt	(2,635,441)	-	-	(2,635,441)	-
Interest and fiscal charges on debt	(1,692,394)	-	-	(1,692,394)	-
Other capital and related financing activities	-	697	-	697	-
Net cash provided by (used in) capital and related financing activities	(6,706,604)	697	(82,487)	(6,788,394)	-
Cash flows from investing activities, investment earnings	4,095	3,758	-	7,853	11,505
Increase (decrease) in cash and cash equivalents	(1,111,556)	357,757	656,774	(97,025)	96,845
Cash and cash equivalents, beginning of year	1,540,699	758,745	389,625	2,689,069	3,588,237
Cash and cash equivalents, end of year	<u>\$ 429,143</u>	<u>\$ 1,116,502</u>	<u>\$ 1,046,399</u>	<u>\$ 2,592,044</u>	<u>\$ 3,685,082</u>

(Continued)

City of Clinton, Iowa

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2020

	Sewer Revenue	Enterprise Solid Waste Collection	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Health Insurance
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (382,056)	\$ 368,297	\$ (2,696,097)	\$ (2,709,856)	\$ 661,283
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,218,098	138,901	1,277,204	6,634,203	-
Change in assets and liabilities:					
Receivables	126,940	80,177	39,209	246,326	14,610
Special assessments	77,838	31,931	-	109,769	-
Prepays	-	-	11,071	11,071	(33,479)
Unearned revenue	(131,656)	-	-	(131,656)	-
Accounts payable	(452,570)	2,548	(64,634)	(514,656)	(19,058)
Contracts payable	(16,023)	-	-	(16,023)	-
Compensated absences	6,990	2,958	123,075	133,023	-
Pension liability and related deferrals	45,599	14,400	45,599	105,598	-
Claims payable	-	-	-	-	11,984
Early retirement benefit	-	-	(20,000)	(20,000)	-
Total OPEB liability	(7,951)	(910)	(14,772)	(23,633)	-
Net cash provided by (used in) operating activities	\$ 4,485,209	\$ 638,302	\$ (1,299,345)	\$ 3,824,166	\$ 635,340
Noncash capital and related financing activities, SRF loan receivable and payable	\$ 4,125,187	\$ -	\$ -	\$ 4,125,187	\$ -

See Notes to Basic Financial Statements.

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

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

Reporting entity:

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

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

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

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

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

Basis of presentation:

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund financial statements: Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise 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 enterprise funds in the financial section of the basic financial statements and are detailed in the supplementary information.

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

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

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

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

Measurement focus and basis of accounting:

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

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

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

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

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

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

Notes to Basic Financial Statements

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

Proprietary funds distinguished 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 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 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 2020 tax levy recorded as taxes receivable was certified in March 2020 based on the 2019 assessed valuations. These taxes are due in two installments, on September 1, 2020 and March 1, 2020 with a 1.5% per month penalty for delinquent payment. Since the 2020 tax levy is budgeted and levied for the 2020 fiscal year, the revenue is a deferred inflow of resources and is reported as unavailable revenue. Revenue has been recognized for those taxes receivable which represent the prior year's delinquent taxes and which are expected to be collected within 60 days after year-end.

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended June 30, 2020, no interest expense was added to the cost of assets acquired in the business-type activities.

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

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

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

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

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

Notes to Basic Financial Statements

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

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

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

Compensated absences: City employees accumulate earned but unused vacation and compensatory time benefits. For proprietary fund types and the government-wide statements, these accumulations are recorded as expenses and liabilities of the appropriate fund and activity in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation leave, which is payable from available resources, is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and the Municipal Fire and Police Retirement System (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.

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

City of Clinton, Iowa

Notes to Basic Financial Statements

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

Budgetary and legal appropriation and amendment policies:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The City exceeded the amended budget in the public works, culture and recreation, community and economic development, general government and debt service functions for the year ended June 30, 2020.

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, 2020, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,000,000 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, 2020, 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, 2020 follows:

Depository accounts	\$ 12,572,019
Iowa Public Agency Investment Trust	232,363
Total	\$ 12,804,382

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	June 30, 2019 Balance	Additions	Deletions	June 30, 2020 Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 23,311,632	\$ -	\$ -	\$ 23,311,632
Construction-in-progress	1,731,984	5,056,245	5,081,594	1,706,635
Total capital assets not being depreciated/amortized	25,043,616	5,056,245	5,081,594	25,018,267
Capital assets being depreciated/amortized:				
Machinery and equipment	17,592,896	1,627,443	26,137	19,194,202
Land Improvements	4,709,017	1,572,793	-	6,281,810
Buildings	21,021,568	505,316	-	21,526,884
Intangibles	193,583	75,393	-	268,976
Infrastructure	161,768,945	3,238,762	-	165,007,707
Total capital assets being depreciated/amortized	205,286,009	7,019,707	26,137	212,279,579
Less accumulated depreciation/amortization for:				
Machinery and equipment	13,220,162	1,252,810	13,504	14,459,468
Land Improvements	2,867,479	211,529	-	3,079,008
Buildings	11,333,854	644,203	-	11,978,057
Intangibles	192,122	3,974	-	196,096
Infrastructure	84,858,544	4,436,149	-	89,294,693
Total accumulated depreciation/amortization	112,472,161	6,548,665	13,504	119,007,322
Total capital assets being depreciated/amortized, net	92,813,848	471,042	12,633	93,272,257
Governmental activities capital assets, net	\$ 117,857,464	\$ 5,527,287	\$ 5,094,227	\$ 118,290,524

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	June 30, 2019			June 30, 2020
	Balance	Additions	Deletions	Balance
Business-Type Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 3,654,071	\$ -	\$ -	\$ 3,654,071
Construction-in-progress	7,476,766	6,518,808	6,772,345	7,223,229
Total capital assets not being depreciated/amortized	11,130,837	6,518,808	6,772,345	10,877,300
Machinery and equipment	11,617,229	981,260	-	12,598,489
Land Improvements	1,120,027	-	-	1,120,027
Buildings	25,139,890	-	-	25,139,890
Intangibles	56,357	-	-	56,357
Infrastructure	196,142,407	6,772,346	-	202,914,753
Total capital assets being depreciated/amortized	234,075,910	7,753,606	-	241,829,516
Less accumulated depreciation/amortization for:				
Machinery and equipment	9,586,189	569,439	-	10,155,628
Land Improvements	553,690	40,006	-	593,696
Buildings	14,773,565	462,469	-	15,236,034
Intangibles	56,357	-	-	56,357
Infrastructure	82,432,421	5,562,289	-	87,994,710
Total accumulated depreciation/amortization	107,402,222	6,634,203	-	114,036,425
Total capital assets being depreciated/amortized, net	126,673,688	1,119,403	-	127,793,091
Business-type activities capital assets, net	\$ 137,804,525	\$ 7,638,211	\$ 6,772,345	\$ 138,670,391

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

Governmental Activities:	
Public safety	\$ 826,325
Public works	4,761,808
Culture and recreation	861,874
General government	98,658
Total depreciation/amortization expense, governmental activities	\$ 6,548,665
Business-Type Activities:	
Sewer	\$ 5,218,098
Solid waste collection	138,901
Transit	259,256
Airport operations	661,750
Marina	356,198
Total depreciation/amortization expense, business-type activities	\$ 6,634,203

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, 2020 is as follows:

	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Governmental Activities					
General obligation bonds and notes	\$ 53,135,000	\$ 9,705,000	\$ 6,215,000	\$ 56,625,000	\$ 4,645,000
Bond premium	1,107,638	768,902	193,247	1,683,293	-
Compensated absences	700,363	791,792	761,182	730,973	730,973
Early retirement	273,000	-	108,000	165,000	108,000
Litigation payable	450,000	-	450,000	-	-
Total OPEB liability	1,577,004	109,658	-	1,686,662	-
Net pension liability	13,549,449	1,624,602	-	15,174,051	-
Due to other government	5,252,591	-	-	5,252,591	-
Total	\$ 76,045,045	\$ 12,999,954	\$ 7,727,429	\$ 81,317,570	\$ 5,483,973
Business-Type Activities					
Sewer revenue notes	\$ 63,334,000	\$ 8,748,000	\$ 2,610,000	\$ 69,472,000	\$ 3,010,000
Capital lease	-	416,000	25,441	390,559	92,097
Compensated absences	124,664	164,758	137,759	151,663	151,663
Early retirement	51,000	-	18,000	33,000	18,000
Total OPEB liability	425,163	10,161	-	435,324	-
Net pension liability	2,129,609	-	80,639	2,048,970	-
Total	\$ 66,064,436	\$ 9,338,919	\$ 2,871,839	\$ 72,531,516	\$ 3,271,760

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 will reimburse the County for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2020, \$6,000,000 of bond proceeds had been advanced to the City and repayments of \$747,409 have been made leaving a balance owed to the County at June 30, 2020 of \$5,252,591.

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

Operating leases: The City has an operating lease for occupancy of a building and parking lot for the police department which resulted in rent paid of \$73,684 for the year ended June 30, 2020. The original lease agreement was signed in March 2008 and renewed in March 2019. The term of the current lease is five years with two five-year options at current monthly payments of \$6,824.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

General obligation bonds and notes: The City issues general obligation bonds and capital loan notes to provide funds for the acquisition and construction of major capital facilities and procurement of capital equipment. General obligation bonds and capital notes have been issued for general government purposes. Governmental activities general obligation bonds and notes outstanding at June 30, 2020 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding
Corporate purpose bond	08/26/09	1.75 - 5.00	4,600,000	580,000
Capital loan note	10/10/12	0.60 - 1.90	3,065,000	1,030,000
Capital loan note	02/20/13	1.00 - 2.15	4,975,000	1,455,000
Capital loan note	10/23/13	3.00 - 4.00	4,155,000	2,655,000
Capital loan note	10/07/14	2.00 - 3.25	3,225,000	2,270,000
Capital loan note, taxable	05/13/15	0.70 - 2.30	625,000	110,000
Capital loan note, taxable	05/13/15	2.00 - 3.25	4,050,000	3,145,000
Capital loan note	09/08/15	2.00 - 4.00	5,130,000	4,380,000
Capital loan note, taxable	01/12/16	3.00 - 4.00	3,305,000	2,610,000
Capital loan note	05/11/16	1.00 - 1.90	525,000	110,000
Capital loan note	10/25/16	2.00 - 2.50	5,205,000	4,450,000
Capital loan note	03/28/17	2.00 - 3.25	4,110,000	3,410,000
Capital loan note, taxable and local option sales tax	06/27/17	2.25 - 4.00	10,375,000	9,475,000
Capital loan note	08/08/18	3.00 - 5.00	12,310,000	11,675,000
Capital loan note	08/08/19	3.00 - 5.00	9,705,000	9,270,000
				56,045,000
Total				\$ 56,625,000

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

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

<u>Year ending June 30:</u>	Principal	Interest	Total
2021	\$ 580,000	\$ 29,000	\$ 609,000

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

<u>Year ending June 30:</u>	Principal	Interest	Total
2021	\$ 4,065,000	\$ 1,780,509	\$ 5,845,509
2022	4,190,000	1,666,549	5,856,549
2023	3,790,000	1,543,889	5,333,889
2024	3,660,000	1,416,229	5,076,229
2025	3,770,000	1,295,779	5,065,779
2026-2030	17,430,000	4,756,140	22,186,140
2031-2035	13,140,000	2,156,693	15,296,693
2036-2039	6,000,000	443,513	6,443,513
Total	\$ 56,045,000	\$ 15,059,301	\$ 71,104,301

Business-type activities: Sewer revenue notes have been issued to provide funds for sewer plant improvements. Notes payable at June 30, 2020 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	\$ 904,000
Sewer revenue notes	12/13/07	1.75	9,898,000	4,670,000
Sewer revenue notes	07/06/11	3.00	9,797,000	7,495,000
Sewer revenue notes	07/06/11	3.00	4,577,000	3,502,000
Sewer revenue notes	09/15/10	3.00	46,660,000	37,548,000
Sewer revenue notes	11/30/12	1.75	2,179,000	1,410,000
Sewer revenue notes	08/09/13	0.76	7,205,000	5,195,000
Sewer revenue notes	07/19/19	1.75	8,748,000	8,748,000
Total				\$ 69,472,000

The City has a capital lease for equipment at the Wastewater Treatment Plant. The lease was signed in October, 2020 for \$416,000. Payments of \$38,819 were made in this fiscal year, including interest. The term of the lease is 5 years at an interest rate of 2.34%. The equipment leased has a historical cost of \$574,652 and a book value of \$514,792 at June 30, 2020. Payment due are as follows:

<u>Year ending June 30:</u>	Principal	Interest	Total
2021	\$ 92,097	\$ 8,831	\$ 100,928
2022	87,108	6,056	93,164
2023	89,170	3,995	93,165
2024	91,279	1,885	93,164
2025	30,905	151	31,056
Total	\$ 390,559	\$ 20,918	\$ 411,477

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 4. Long-Term Debt (Continued)

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

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,070,000	\$ 1,671,194	\$ 4,741,194
2022	3,161,000	1,624,343	4,785,343
2023	3,243,000	1,555,900	4,798,900
2024	3,331,000	1,485,459	4,816,459
2025	3,419,000	1,412,869	4,831,869
2026-2030	16,459,000	5,927,121	22,386,121
2031-2035	15,587,000	4,075,209	19,662,209
2036-2040	15,890,000	2,098,518	17,988,518
2041-2045	5,312,000	229,530	5,541,530
Total	\$ 69,472,000	\$ 20,080,143	\$ 89,552,143

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer revenue notes. Proceeds from the notes provided financing for acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the sewer system. The notes are payable solely from sewer customer net revenues and are payable through 2042. Total principal and interest remaining to be paid on the sewer revenue notes and total customer net revenues were \$89,552,143 and \$4,836,127, respectively, and principal and interest payments were \$4,289,308.

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

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

During the year ended June 30, 2020, the City was in compliance with the revenue note provisions.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 5. Termination Benefits

In October 2011, the City approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least ten years of full-time service to the City, must have reached the age of fifty-four and be no older than sixty-four and had to retire prior to June 30, 2012. Early retirement benefits are equal to \$1,500 per month beginning on the first of the month following the date of termination and the retiree shall continue to receive such payment on the first of each month until the month in which the retiree becomes eligible for Medicare. At June 30, 2020, the City has obligations to seven participants with a total liability of \$1,000,000. Actual early retirement expenditures for the year ended June 30, 2020 totaled \$126,000.

Note 6. Interfund Receivables, Payables and Transfers

The following is a schedule of transfers for the year ended June 30, 2020:

(Transfer in)	(Transfer out)	
<u>Transfer to</u>	<u>Transfer From</u>	
General	Special Revenue:	
	Employee Benefits	\$ 4,738,520
	Leisure/Cultural Programs	238,683
	Miscellaneous	377,595
	Enterprise:	
	Solid Waste	200,000
	Dock Operations	24,666
	Marina	18,372
	Internal Service	550,000
		<u>6,147,836</u>
Special Revenue:		
Leisure/Cultural Programs	General	<u>391,262</u>
Community/Economic Development	Special Revenue:	
	Tax Increment Financing	<u>69,160</u>
Tort Liability	General	<u>308,835</u>
Capital Projects	Special Revenue:	
	Leisure/Cultural Programs	<u>110,749</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	3,028,951
	Capital Projects	<u>1,819,908</u>
		<u>4,848,859</u>
Enterprise:		
Sewer	Special Revenue:	
	Local Option Sales Tax	<u>609,075</u>
	Enterprise:	
	Solid Waste	<u>85,000</u>
		<u>694,075</u>
Transit System	General	<u>339,154</u>
Airport Operations	General	<u>69,000</u>
		<u>\$ 12,978,930</u>

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

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

Individual interfund receivables and payables balances as of June 30, 2020 were:

	Total	
	Interfund Receivables	Interfund Payables
Governmental activities:		
Major governmental funds:		
General fund	\$ 657,363	\$ -
Local option sales tax	-	227,170
Employee benefits	-	430,193
Debt service	120,000	-
Capital projects	125,000	-
Non-major governmental funds:		
Miscellaneous	-	125,000
Business-type activities:		
Nonmajor enterprise funds	53,757	173,757
Total	\$ 956,120	\$ 956,120

An interfund advance of \$120,000 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 five years.

Note 7. Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 77J members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 7. Risk Management (Continued)

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, 2020 were \$372,287.

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

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, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City has established a Health Insurance Fund for insuring benefits provided to City employees covered dependents, retirees, and two outside agencies which is included in the Internal Service Fund. Health benefits were self-insured up to a specific stop loss amount of \$70,000 and an aggregate stop loss of approximately \$3.7 million for 2020. 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. ~~\$31.6M~~ JF 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.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 7. Risk Management (Continued)

Changes in reported liabilities for the fiscal year ended June 30, 2020 are summarized as follows:

	2020	2019
Claims payable, beginning of year	\$ 348,607	\$ 354,645
Claims expense	2,415,923	2,318,008
Claims payments	(2,403,939)	(2,324,046)
Claims payable, end of year	<u>\$ 360,591</u>	<u>\$ 348,607</u>

Note 8. Pension and Retirement Systems

Iowa Public Employees Retirement System (IPERS):

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

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

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

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

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

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

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

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

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.

In fiscal year 2020, 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, 2020 were \$530,FJH

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$4,405,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's collective proportion was .0760800%, which was an increase of 0.0035669% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$770,187. At June 30, 2020, 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	\$ 12,213	\$ 158,400
Changes of assumptions	471,896	-
Net difference between projected and actual earnings on pension plan investments	-	496,451
Changes in proportion and differences between City contributions and proportionate share of contributions	233,224	54,292
City contributions subsequent to the measurement date	530,193	-
Total	\$ 1,247,526	\$ 709,143

\$530,193 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, 2021.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 119,217
2022	(59,859)
2023	(18,695)
2024	(39,192)
2025	6,719
Total	\$ 8,190

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2019. Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic 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%	5.60
International Equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	-0.21
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 7,822,806	\$ 4,405,534	\$ 1,539,164

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

Payables to IPERS – At June 30, 2020, the City reported payables to IPERS of \$43,823 for legally required City contributions and \$29,166 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

Municipal Fire and Police Retirement System of Iowa (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.

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

Note 8. Pension and Retirement Systems (Continued)

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

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 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$1,473,133.

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, 2020.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$12,817,487 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was .01954104%, which was an increase of .00091442% from its proportion measured as of June 30, 2018.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$2,819,228. At June 30, 2020, 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	\$ 441,367	\$ 119,940
Changes of assumptions	643,543	55,786
Net difference between projected and actual earnings on pension plan investments	706,194	-
Changes in proportion and differences between City contributions and proportionate share of contributions	441,723	-
City contributions subsequent to the measurement date	1,473,133	-
Total	\$ 3,705,960	\$ 175,726

\$1,473,133 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, 2021. 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
2021	\$ 846,131
2022	148,145
2023	441,833
2024	368,035
2025	252,957
Total	\$ 2,057,101

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

The long-term expected rate of return on 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
Large cap	5.5%
Small cap	5.8%
International large cap	7.3%
Emerging markets	9.0%
Emerging markets debt	6.3%
Private non-core real estate	8.0%
Master limited partnerships	9.0%
Private equity	9.0%
Core plus fixed income	3.3%
Private core real estate	6.0%
Tactical asset allocation	6.4%

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	\$ 20,869,116	\$ 12,817,487	\$ 6,149,162

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

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

Payables to the MFPRSI – At June 30, 2020, the City reported payables to MFPRSI of \$126,690 for legally required City Contributions and \$43,769 for legally required employee contributions withheld from employee wages which had not yet been remitted to MFPRSI.

Pension Plan Total Information is as follows:

	IPERS			MFPRSI	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Total
Net pension liability	\$ (2,356,564)	\$ (2,048,970)	\$ (4,405,534)	\$ (12,817,487)	\$ (17,223,021)
Deferred outflows of resources					
related to pensions	682,436	565,090	1,247,526	3,705,960	4,953,486
Deferred inflows of resources					
related to pensions	(409,085)	(300,058)	(709,143)	(175,726)	(884,869)
Pension expense	430,649	339,538	770,187	2,819,228	3,589,415

Note 9. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

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

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

The full monthly premium rates as of January 1, 2019 for each plan are as shown below:

	Single	Family
Health Insurance	\$ 757	\$ 1,893

City of Clinton, Iowa

Notes to Basic Financial Statements

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

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$2,121,986 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	4.00% per annum
Discount rate	2.66% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.00% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index. Mortality rates were based on the Publication G 2010 Mortality Table- General. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2010– 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 2,002,167
Changes for the year:	
Service cost	45,858
Interest	53,299
Changes of benefit terms	-
Differences between expected and actual experience	120,509
Changes in assumptions or other inputs	83,746
Benefit payments	(183,593)
Net changes	119,819
Balance at June 30, 2020	<u>\$ 2,121,986</u>

There were no changes as a result of changes in benefit terms or differences between expected and actual experience. Changes of assumptions or other inputs reflect a change in the discount rate from 2.79% per annum in 2019 to 2.66% per annum in 2020.

City of Clinton, Iowa

Notes to Basic Financial Statements

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

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

	1% Decrease	Discount Rate	1% Increase
	1.66%	2.66%	3.66%
Total OPEB liability	\$ 2,251,662	\$ 2,121,986	\$ 2,002,384

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	\$ 1,984,231	\$ 2,121,986	\$ 2,283,073

For the year ended June 30, 2020, the City recognized OPEB expense of \$135,451. At June 30, 2020, 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	\$ 106,437	\$ -
Changes of assumptions or other inputs	143,462	1,216
Net difference between projected and actual investments	-	-
Total	\$ 249,899	\$ 1,216

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:	
2021	\$ 36,300
2022	36,300
2023	36,300
2024	36,300
2025	36,300
Thereafter	67,183
	\$ 248,683

Note 10. Industrial Development Revenue Bonds

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

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 11. Commitment and Contingent Liabilities

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

The City has projects related to sewer improvements, asphalt, and various street construction in progress at the end of the year. The total amount of contracts outstanding for these projects is approximately \$15.9 million. As of June 30, 2020, costs of \$10.2 million have been incurred on the projects. The remaining contractual amounts on these projects total approximately \$5.7 million as of June 30, 2020 and will be paid as work on the projects progresses.

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

Note 12. Tax Abatements

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

City Tax Abatements: The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements. For the year ended June 30, 2020, the City abated \$487,857 of property tax under the urban renewal and economic development projects.

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

The City adopted the following statements during the year ended June 30, 2020:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Notes to Basic Financial Statements

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

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2019: The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, the provisions of this statement was effective immediately upon issuance. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statements Nos. 83, 84, 88, 89, 90, 91, 92 and 93, and Implementation Guide Nos. 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3.

The implementation of the above statements did not have a material impact to the City's financial statements.

As of June 30, 2020, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

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

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2019, will be effective for the City beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

City of Clinton, Iowa

Notes to Basic Financial Statements

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

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated 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.

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

Note 14. Development Agreements

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to different projects. Rebates are to be paid only after certain conditions have been met by each project developer and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$8 million exist, of which approximately \$1.5 million is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact the agreements are conditional and the payments are to be funded by future property taxes received on the project. Obligations for one of the agreements is subject to annual appropriation. During the year ended June 30, 2020, the City rebated \$1,346,429.

Note 15. Subsequent Events

In August 2020, the City issued \$7,120,000 of general obligation capital loan notes. The notes are being used to pay the costs of construction, reconstruction for street and streetscape improvements with related utility work, improvement of parks, construction, reconstruction and improvements of bridges, culverts, grade crossings, equipping the police department and fire department and reconstruction and improvements of the airport.

In August 2020, the City issued \$252,000 of sewer revenue capital loan notes anticipation project note. The note is being used to pay costs associated with acquisition, construction, reconstruction, improving and repairing the Municipal Sewer System.

In November 2020, the City issued \$242,000 of sewer revenue capital loan notes anticipation project note. The note is being used to pay costs associated with acquisition, construction, reconstruction, improving and repairing the Municipal Sewer System.

In February 2021, the City authorized the issuance of \$10,035,000 general obligation capital loan notes. The notes are being used to pay the costs of various capital projects around the City.

City of Clinton, Iowa

Notes to Basic Financial Statements

Note 16. COVID-19

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

Note 17. Deficit Balance

The Special Revenue, Employee Benefits Fund had a deficit balance of \$403,126 at June 30, 2020. The City is investigating alternatives to return the fund to a sound financial condition.

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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 Three Fiscal Years**

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

Notes to Schedule:

Changes of benefit terms:

There were no changes to the benefit terms.

Changes of assumption:

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

The following are the discount rates used in each period:

2.66%	2.79%	2.98%
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The mortality assumption was changed from the RP-2014 Combined Annuitant Mortality Tables for males and females to the PubG.H-2010 Mortality Table - General.

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

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

City of Clinton, Iowa

Budgetary Comparison Schedule
Budget and Actual - All Governmental and Enterprise Funds
Required Supplementary Information
Year Ended June 30, 2020

	Governmental Fund Types Actual	Enterprise Fund Types Actual	Total Actual
Revenues:			
Taxes	\$ 14,891,651	\$ -	\$ 14,891,651
Tax increment financing	1,582,710	-	1,582,710
Other city tax	5,587,195	-	5,587,195
Licenses and permits	391,831	-	391,831
Use of money and property	422,310	342,733	765,043
Intergovernmental	6,081,810	1,302,061	7,383,871
Charges for service	1,807,789	11,307,793	13,115,582
Miscellaneous	589,981	64,725	654,706
Total revenues	31,355,277	13,017,312	44,372,589
Expenditures/expenses:			
Public safety	12,085,853	-	12,085,853
Public works	3,757,185	-	3,757,185
Culture and recreation	3,244,159	-	3,244,159
Community and economic development	3,656,857	-	3,656,857
General government	2,472,629	-	2,472,629
Debt service	8,228,484	-	8,228,484
Capital outlay	7,829,076	-	7,829,076
Business-type	-	16,108,951	16,108,951
Total expenditures/expenses	41,274,243	16,108,951	57,383,194
Excess (deficiency) of revenues over (under) expenditures/expenses	(9,918,966)	(3,091,639)	(13,010,605)
Other financing sources (uses)			
Proceeds from long term debt	9,705,000	-	9,705,000
Bond premium	768,902	-	768,902
Insurance recovery	386,025	-	386,025
Transfers in	11,876,701	1,102,229	12,978,930
Transfers out	(12,100,892)	(328,038)	(12,428,930)
Total other financing sources (uses)	10,635,736	774,191	11,409,927
Net change in fund balance/net position	716,770	(2,317,448)	(1,600,678)
Balance, beginning of year	5,983,252	76,427,577	82,410,829
Balance, end of year	<u>\$ 6,700,022</u>	<u>\$ 74,110,129</u>	<u>\$ 80,810,151</u>

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual	
Original	Final	Variance	
\$ 15,107,354	\$ 15,107,354	\$	(215,703)
1,981,257	1,981,257		(398,547)
5,271,747	5,271,747		315,448
678,550	678,550		(286,719)
739,159	830,300		(65,257)
5,933,513	7,428,299		(44,428)
14,523,068	14,938,068		(1,822,486)
522,778	1,023,514		(368,808)
44,757,426	47,259,089		(2,886,500)
12,368,657	12,626,983		541,130
3,496,138	3,676,048		(81,137)
3,061,395	3,101,362		(142,797)
2,177,184	3,607,042		(49,815)
1,450,011	1,741,365		(731,264)
6,771,572	6,771,572		(1,456,912)
9,825,728	12,233,425		4,404,349
24,892,917	25,238,032		9,129,081
64,043,602	68,995,829		11,612,635
(19,286,176)	(21,736,740)		8,726,135
18,683,000	18,683,000		(8,978,000)
-	-		768,902
-	-		386,025
10,274,552	10,388,057		2,590,873
(10,274,552)	(10,388,057)		(2,040,873)
18,683,000	18,683,000		(7,273,073)
(603,176)	(3,053,740)		1,453,062
15,594,919	15,594,919		66,815,910
\$ 14,991,743	\$ 12,541,179	\$	68,268,972

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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 Six Fiscal Years

	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	0.0760800%	0.0725131%	0.0693639%	0.0706603%	0.0713457%	0.0817562%
City's proportionate share of the net pension liability	\$ 4,405,534	\$ 4,588,804	\$ 4,620,515	\$ 4,446,878	\$ 3,524,825	\$ 3,242,376
City's covered payroll	\$ 5,788,976	\$ 5,446,079	\$ 5,167,833	\$ 5,073,607	\$ 4,887,928	\$ 5,336,473
City's proportionate share of the net pension liability as a percentage of its covered payroll	76.1%	84.3%	89.4%	87.6%	72.1%	60.8%
Plan fiduciary net pension as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*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.

City of Clinton, Iowa

**Required Supplementary Information
Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2020		2019		2018		2017	
Statutorily required contribution	\$	531	\$	557	\$	487	\$	466
Contributions in relation to the statutorily required contribution		(531)		(557)		(487)		(466)
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-
City's covered payroll	\$	5,621	\$	5,789	\$	5,446	\$	5,168
Contributions as a percentage of covered payroll		9.45%		9.62%		8.94%		9.02%

NOTE: Amounts in thousands

See Notes to Required Supplementary Information.

2016	2015	2014	2013	2012	2011
\$ 453	\$ 437	\$ 479	\$ 434	\$ 447	\$ 409
(453)	(437)	(479)	(434)	(447)	(409)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,074	\$ 4,888	\$ 5,336	\$ 4,987	\$ 5,519	\$ 5,870
8.93%	8.94%	8.98%	8.71%	8.09%	6.96%

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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 Six Fiscal Years

	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	0.01954104%	0.01862662%	0.01861210%	0.01907348%	0.01932575%	0.01969964%
City's proportionate share of the net pension liability	\$ 12,817,487	\$ 11,090,254	\$ 10,915,532	\$ 11,925,902	\$ 9,079,514	\$ 7,141,084
City's covered payroll	\$ 5,744,123	\$ 5,414,026	\$ 5,271,077	\$ 5,169,036	\$ 5,068,334	\$ 5,030,678
City's proportionate share of the net pension liability as a percentage of its covered payroll	223.14%	204.84%	207.08%	230.72%	179.14%	141.95%
Plan fiduciary net pension as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

*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.

City of Clinton, Iowa

Required Supplementary Information

Schedule of City Contributions

Municipal Fire and Police Retirement System of Iowa

Last Ten Fiscal Years

	2020	2019	2018	2017
Statutorily required contribution	\$ 1,473	\$ 1,512	\$ 1,409	\$ 1,382
Contributions in relation to the statutorily required contribution	(1,473)	(1,512)	(1,409)	(1,382)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,063	\$ 5,744	\$ 5,414	\$ 5,271
Contributions as a percentage of covered payroll	24.29%	26.32%	26.03%	26.22%

Note: Amounts reported in thousands

See Notes to Required Supplementary Information.

2016	2015	2014	2013	2012	2011
\$ 1,435	\$ 1,541	\$ 1,515	\$ 1,271	\$ 1,186	\$ 1,025
(1,435)	(1,541)	(1,515)	(1,271)	(1,186)	(1,025)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,169	\$ 5,068	\$ 5,031	\$ 4,865	\$ 4,789	\$ 5,033
27.76%	30.41%	30.12%	26.13%	24.77%	20.37%

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City of Clinton, Iowa

Notes to Required Supplementary Information

Note 1. Budgetary Information

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

The City Council annually adopts a budget on or before March 1st 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 \$4,952,227.

During the year ended June 30, 2020, expenditures in the public works, culture and recreation, community and economic development, general government and debt service functions exceeded the budgeted expenditures.

Note 2. Iowa Public Employees' Retirement System

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

Notes to Required Supplementary Information

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

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

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

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

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

Note 3. Municipal Fire and Police Retirement System

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

Changes of assumptions:

The 2011 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.

SUPPLEMENTARY AND OTHER INFORMATION

City of Clinton, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability	Miscellaneous
Assets				
Cash and investments	\$ 174,028	\$ 329,458	\$ 23,507	\$ 222,630
Receivables:				
Property tax:				
Delinquent	-	-	-	12,083
Succeeding year	-	-	-	337,066
Intergovernmental	-	77,250	-	2,086
Special assessments	-	-	-	346,620
Other	33,623	4,060	-	-
Asset held for sale	-	-	-	125,000
Total assets	\$ 207,651	\$ 410,768	\$ 23,507	\$ 1,045,485
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 420	\$ 123,346	\$ -	\$ 45,399
Due to other funds	-	-	-	125,000
Total liabilities	420	123,346	-	170,399
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	-	-	-	337,066
Delinquent taxes	-	-	-	8,288
Other	-	-	-	374,732
Total deferred inflows of resources	-	-	-	720,086
Fund Balances:				
Nonspendable:				
Endowments, corpus	-	-	-	-
Restricted:				
Community programs and services	207,231	287,422	-	155,000
Other purposes	-	-	23,507	-
Total fund balances	207,231	287,422	23,507	155,000
Total liabilities, deferred inflows of resources and fund balances	\$ 207,651	\$ 410,768	\$ 23,507	\$ 1,045,485

Permanent			
Hayes Trust	Boyd Henningsen	Total	
\$ 3,771	\$ 5,075	\$	758,469
-	-		12,083
-	-		337,066
-	-		79,336
-	-		346,620
-	-		37,683
-	-		125,000
<u>\$ 3,771</u>	<u>\$ 5,075</u>	<u>\$</u>	<u>1,696,257</u>
\$ -	\$ -	\$	169,165
-	-		125,000
-	-		294,165
-	-		337,066
-	-		8,288
-	-		374,732
-	-		720,086
3,000	4,000		7,000
-	-		649,653
771	1,075		25,353
<u>3,771</u>	<u>5,075</u>		<u>682,006</u>
\$ 3,771	\$ 5,075	\$	1,696,257

City of Clinton, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Special Revenue			
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability	Miscellaneous
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ 327,732
Other city tax	171,346	-	-	29,992
Licenses and permits	-	-	-	31,259
Use of money and property	391	830	-	1,729
Intergovernmental	33,295	1,143,158	-	45,159
Charges for service	47,789	-	-	105,891
Miscellaneous	-	20,328	-	78,658
Total revenues	252,821	1,164,316	-	620,420
Expenditures:				
Current:				
Public safety	-	-	-	16,453
Public works	-	-	-	24,054
Culture and recreation	290,695	-	-	5,448
Community and economic development	-	1,285,494	-	324,444
General government	-	-	323,842	12,110
Total expenditures	290,695	1,285,494	323,842	382,509
Revenue over (under) expenditures	(37,874)	(121,178)	(323,842)	237,911
Other financing sources (uses):				
Transfers in	391,262	69,160	308,835	-
Transfers out	(349,432)	-	-	(377,595)
Total other financing sources (uses)	41,830	69,160	308,835	(377,595)
Net change in fund balances	3,956	(52,018)	(15,007)	(139,684)
Fund balances, beginning of year	203,275	339,440	38,514	294,684
Fund balances, end of year	<u>\$ 207,231</u>	<u>\$ 287,422</u>	<u>\$ 23,507</u>	<u>\$ 155,000</u>

Permanent		
Hayes Trust	Boyd Henningsen Trust	Total
\$ -	\$ -	\$ 327,732
-	-	201,338
-	-	31,259
10	15	2,975
-	-	1,221,612
-	-	153,680
-	-	98,986
10	15	2,037,582
-	-	16,453
-	-	24,054
-	-	296,143
-	-	1,609,938
-	-	335,952
-	-	2,282,540
10	15	(244,958)
-	-	769,257
-	-	(727,027)
-	-	42,230
10	15	(202,728)
3,761	5,060	884,734
\$ 3,771	\$ 5,075	\$ 682,006

City of Clinton, Iowa

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020**

	Transit System	Airport Operations
Assets		
Current assets:		
Cash and investments	\$ 504,911	\$ -
Receivables, net of allowance for uncollectible amounts of \$0:		
Other	18,013	6,409
Intergovernmental	-	35,190
Prepays	1,500	-
Due from other funds	-	-
Total current assets	<u>524,424</u>	<u>41,599</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable:		
Land	84,600	790,945
Construction-in-progress	-	53,004
Depreciable:		
Machinery and equipment	4,957,454	341,793
Land improvements	-	372,577
Buildings	2,152,608	3,318,565
Intangibles	8,200	-
Infrastructure	15,800	20,496,777
Accumulated depreciation	(5,637,108)	(16,689,152)
Total noncurrent assets	<u>1,581,554</u>	<u>8,684,509</u>
Total assets	<u>2,105,978</u>	<u>8,726,108</u>
Deferred outflows of resources:		
OPEB related deferred outflows	17,845	1,704
Pension related deferred outflows	222,868	25,834
Total deferred outflows of resources	<u>240,713</u>	<u>27,538</u>
Liabilities		
Current liabilities:		
Accounts payable	26,704	3,792
Early retirement payable	18,000	-
Compensated absences	80,860	4,310
Due to other funds	-	53,757
Total current liabilities	<u>125,564</u>	<u>61,859</u>
Noncurrent liabilities:		
Total OPEB liability	151,531	14,472
Early retirement payable	15,000	-
Net pension liability	790,172	89,943
Advance from other funds	-	120,000
Total noncurrent liabilities	<u>956,703</u>	<u>224,415</u>
Total liabilities	<u>1,082,267</u>	<u>286,274</u>
Deferred inflows of resources:		
OPEB related deferred inflows	87	87
Pension related deferred inflows	133,267	11,051
Total deferred inflows of resources	<u>133,354</u>	<u>11,138</u>
Net position:		
Investment in capital assets	1,581,554	8,684,509
Unrestricted	(450,484)	(228,275)
Total net position	<u>\$ 1,131,070</u>	<u>\$ 8,456,234</u>

Marina	Parking System	Total
\$ 531,150	\$ 10,338	\$ 1,046,399
2,622	-	27,044
-	-	35,190
-	-	1,500
53,757	-	53,757
587,529	10,338	1,163,890
184,000	217,000	1,276,545
-	-	53,004
38,890	-	5,338,137
39,692	152,700	564,969
770,974	-	6,242,147
-	12,401	20,601
9,501,572	149,516	30,163,665
(3,909,931)	(314,617)	(26,550,808)
6,625,197	217,000	17,108,260
7,212,726	227,338	18,272,150
-	-	19,549
-	-	248,702
-	-	268,251
16,546	-	47,042
-	-	18,000
-	-	85,170
-	-	53,757
16,546	-	203,969
-	-	166,003
-	-	15,000
-	-	880,115
-	-	120,000
-	-	1,181,118
16,546	-	1,385,087
-	-	174
-	-	144,318
-	-	144,492
6,625,197	217,000	17,108,260
570,983	10,338	(97,438)
\$ 7,196,180	\$ 227,338	\$ 17,010,822

City of Clinton, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	Transit System	Airport Operations	Dock Operations
Operating revenues:			
Charges for services	\$ 423,150	\$ 134,678	\$ -
Property rental	-	123,317	-
Miscellaneous	15,724	200	-
Total operating revenues	438,874	258,195	-
Operating expenses:			
Personal services	1,498,207	101,197	-
Commodities	213,300	125,473	-
Contractual services	97,477	24,790	-
Repairs, maintenance and utilities	64,748	25,801	-
Depreciation	259,256	661,750	-
Total operating expenses	2,132,988	939,011	-
Operating (loss)	(1,694,114)	(680,816)	-
Nonoperating revenues:			
Intergovernmental	992,305	141,761	-
Total nonoperating revenues	992,305	141,761	-
(Loss) before transfers	(701,809)	(539,055)	-
Transfers in	339,154	69,000	-
Transfers out	-	-	(24,666)
Change in net position	(362,655)	(470,055)	(24,666)
Total net position, beginning of year	1,493,725	8,926,289	24,666
Total net position, end of year	\$ 1,131,070	\$ 8,456,234	\$ -

Marina		Parking System	Total
\$	155,878	\$ -	\$ 713,706
	211,563	-	334,880
	1,826	-	17,750
	369,267	-	1,066,336
	49,623	-	1,649,027
	69,355	-	408,128
	126,960	-	249,227
	88,298	-	178,847
	356,198	-	1,277,204
	690,434	-	3,762,433
	(321,167)	-	(2,696,097)
	-	-	1,134,066
	-	-	1,134,066
	(321,167)	-	(1,562,031)
	-	-	408,154
	(18,372)	-	(43,038)
	(339,539)	-	(1,196,915)
	7,535,719	227,338	18,207,737
\$	7,196,180	\$ 227,338	\$ 17,010,822

City of Clinton, Iowa

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	Transit System	Airport Operations	Dock Operations
Cash flows from operating activities:			
Receipts from customers and users	\$ 464,718	\$ 264,223	\$ -
Payments to suppliers	(362,508)	(246,554)	-
Payments to employees	(1,359,447)	(106,055)	-
Net cash provided by (used in) operating activities	(1,257,237)	(88,386)	-
Cash flows from noncapital financing activities:			
Intergovernmental	1,700,943	106,571	-
Due to other funds	-	53,757	-
Due from other funds	(256,716)	(79,688)	-
Transfers in	339,154	69,000	-
Transfers (out)	-	-	(24,666)
Net cash provided by (used in) noncapital financing activities	1,783,381	149,640	(24,666)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(21,233)	(61,254)	-
Increase (decrease) in cash and cash equivalents	504,911	-	(24,666)
Cash and cash equivalents, beginning of year	-	-	24,666
Cash and cash equivalents, end of year	<u>\$ 504,911</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Marina		Parking System	Total	
\$	376,604	\$ -	\$	1,105,545
	(280,703)	-		(889,765)
	(49,623)	-		(1,515,125)
<hr/>				
	46,278	-		(1,299,345)
<hr/>				
	-	-		1,807,514
	202,380	-		256,137
	(53,757)	-		(390,161)
	-	-		408,154
	(18,372)	-		(43,038)
<hr/>				
	130,251	-		2,038,606
<hr/>				
	-	-		(82,487)
<hr/>				
	176,529	-		656,774
	354,621	10,338		389,625
\$	531,150	\$ 10,338	\$	1,046,399

City of Clinton, Iowa

Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	Transit System	Airport Operations	Dock Operations
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (1,694,114)	\$ (680,816)	\$ -
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	259,256	661,750	-
Change in assets and liabilities:			
Receivables	25,844	6,028	-
Prepaid expenses	-	-	-
Accounts payable	13,017	(70,490)	-
Compensated absences	120,632	2,443	-
Pension liability and related deferrals	43,199	2,400	-
Early retirement benefit	(20,000)	-	-
Total OPEB liability and related deferrals	(5,071)	(9,701)	-
Net cash provided by (used in) operating activities	\$ (1,257,237)	\$ (88,386)	\$ -

Marina	Parking System	Total
\$ (321,167)	\$ -	\$ (2,696,097)
356,198	-	1,277,204
7,337	-	39,209
11,071	-	11,071
(7,161)	-	(64,634)
-	-	123,075
-	-	45,599
-	-	(20,000)
-	-	(14,772)
\$ 46,278	\$ -	\$ (1,299,345)

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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
June 30, 2020

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund
Assets				
Cash and investments	\$ -	\$ 37,764	\$ 206,348	\$ -
Receivables, net of allowance for uncollectible amounts of \$666,239:				
Service fees	60,572	-	-	-
Special assessments	-	-	-	-
Total assets	60,572	37,764	206,348	-
Liabilities and Net Position				
Liabilities:				
Accounts payable	211,541	-	-	-
Contracts payable	-	-	-	-
Total liabilities	211,541	-	-	-
Net position:				
Unrestricted	(150,969)	37,764	206,348	-
Total liabilities and net position	\$ 60,572	\$ 37,764	\$ 206,348	\$ -

Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
\$ 403,598	\$ 97,380	\$ (315,947)	\$ 429,143
-	1,469,028	-	1,529,600
-	221,524	-	221,524
403,598	1,787,932	(315,947)	2,180,267
-	17,400	446,452	675,393
-	-	317,867	317,867
-	17,400	764,319	993,260
403,598	1,770,532	(1,080,266)	1,187,007
\$ 403,598	\$ 1,787,932	\$ (315,947)	\$ 2,180,267

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
Year Ended June 30, 2020**

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve	Sewer Sinking Fund
Operating revenues:				
Charges for services	\$ 887	\$ -	\$ -	\$ -
Miscellaneous	6,779	32,739	-	-
Total operating revenues	7,666	32,739	-	-
Operating expenses:				
Personal services	1,617,673	-	-	-
Contractual services	1,343,059	-	-	-
Repairs, maintenance and utilities	564,428	-	-	160,820
Miscellaneous	459,033	-	-	-
Capital outlay/improvements	530,854	-	159,982	-
Total operating expenses	4,515,047	-	159,982	160,820
Operating income (loss)	(4,507,381)	32,739	(159,982)	(160,820)
Nonoperating revenues (expenses):				
Intergovernmental	35,650	5,025	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	-	-	-
Interest expense	-	-	-	(1,692,394)
Principal payments	-	-	-	(2,610,000)
Total nonoperating revenues (expenses)	35,650	5,025	-	(4,302,394)
Income (loss) before transfers	(4,471,731)	37,764	(159,982)	(4,463,214)
Transfers in	4,404,169	-	-	4,463,214
Transfers out	-	-	-	-
Change in net position	(67,562)	37,764	(159,982)	-
Total net position (deficit), beginning of year	(83,407)	-	366,330	-
Total net position (deficit), end of year	\$ (150,969)	\$ 37,764	\$ 206,348	\$ -

Sewer Reserve Fund		Sewer Revenue Fund		Sewer Improvement		Total
\$	-	\$	8,763,013	\$	-	\$ 8,763,900
	-		6,760		-	46,278
	-		8,769,773		-	8,810,178
	-		-		-	1,617,673
	-		-		-	1,343,059
	-		1,524		(86,381)	640,391
	-		-		-	459,033
	-		-		1,860,115	2,550,951
	-		1,524		1,773,734	6,611,107
	-		8,768,249		(1,773,734)	2,199,071
	-		273,061		-	313,736
	-		-		-	-
	-		3,086		1,009	4,095
	-		-		-	(1,692,394)
	-		-		-	(2,610,000)
	-		276,147		1,009	(3,984,563)
	-		9,044,396		(1,772,725)	(1,785,492)
	-		-		1,656,153	10,523,536
	-		(9,829,461)		-	(9,829,461)
	-		(785,065)		(116,572)	(1,091,417)
	403,598		2,555,597		(963,694)	2,278,424
\$	403,598	\$	1,770,532	\$	(1,080,266)	\$ 1,187,007

City of Clinton, Iowa

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES				
Taxes	\$ 22,061,556	\$ 21,348,975	\$ 21,059,397	\$ 21,304,416
Licenses and permits	391,831	557,635	534,956	715,590
Use of money and property	422,310	466,285	548,323	470,008
Intergovernmental	6,081,810	6,128,589	5,793,373	8,078,805
Charges for services	1,807,789	1,259,880	1,289,759	1,275,230
Miscellaneous	589,981	977,395	669,363	914,603
TOTAL REVENUES	<u>\$ 31,355,277</u>	<u>\$ 30,738,759</u>	<u>\$ 29,895,171</u>	<u>\$ 32,758,652</u>
EXPENDITURES				
Current				
Public safety	\$ 12,085,853	\$ 12,855,754	\$ 11,178,730	\$ 10,804,776
Public works	3,757,185	3,798,229	4,492,753	4,406,270
Culture and recreation	3,244,159	3,277,403	3,065,705	3,189,651
Community and economic development	3,656,857	3,327,736	3,027,046	2,714,588
General government	2,472,629	2,106,419	2,011,365	1,992,864
Debt service	8,228,484	6,058,872	5,437,783	4,850,015
Capital outlay	7,829,076	7,062,603	7,466,831	9,532,517
TOTAL EXPENDITURES	<u>\$ 41,274,243</u>	<u>\$ 38,487,016</u>	<u>\$ 36,680,213</u>	<u>\$ 37,490,681</u>

2016	2015	2014	2013	2012	2011
\$ 21,335,063	\$ 21,540,640	\$ 21,340,941	\$ 21,060,047	\$ 20,061,933	\$ 19,459,376
494,637	448,407	397,268	390,214	388,142	280,236
429,019	312,866	1,879,184	535,225	166,362	409,167
5,950,877	5,212,646	4,844,194	5,425,060	5,077,516	15,396,842
1,305,310	1,247,042	1,235,039	1,045,323	1,276,132	1,257,521
859,592	899,941	799,992	1,504,955	2,301,813	326,379
<u>\$ 30,374,498</u>	<u>\$ 29,661,542</u>	<u>\$ 30,496,618</u>	<u>\$ 29,960,824</u>	<u>\$ 29,271,898</u>	<u>\$ 37,129,521</u>
\$ 10,722,616	\$ 10,957,543	\$ 10,776,743	\$ 10,117,478	\$ 10,099,168	\$ 10,522,406
3,267,989	2,951,147	2,606,996	2,471,001	2,931,985	3,831,214
2,987,553	3,036,703	3,142,259	2,919,245	3,016,460	3,056,645
2,560,088	2,084,627	1,877,259	2,028,721	2,749,648	2,500,810
1,953,107	2,169,653	2,478,543	2,762,672	1,656,335	1,860,914
4,404,589	4,264,112	3,992,096	8,468,734	3,477,659	3,348,133
10,784,756	5,321,941	7,760,095	8,221,941	7,817,225	10,061,875
<u>\$ 36,680,698</u>	<u>\$ 30,785,726</u>	<u>\$ 32,633,991</u>	<u>\$ 36,989,792</u>	<u>\$ 31,748,480</u>	<u>\$ 35,181,997</u>

City of Clinton, Iowa

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Taxes					
Property tax and tax increment financing	\$ 16,471,342	\$ 16,114,055	\$ 15,917,903	\$ 15,896,291	\$ 16,190,472
Mobile home taxes	3,019	3,687	3,738	8,257	55,851
Utility excise taxes	1,484,320	1,323,381	1,318,334	1,406,054	1,270,243
Local option sales taxes	3,395,533	3,317,312	3,202,828	3,235,680	3,278,644
Hotel/motel taxes	387,624	390,580	409,282	541,620	309,283
Gaming/Cable television franchise fees	307,158	199,960	207,312	216,514	230,570
Other taxes	<u>12,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>22,061,556</u>	<u>21,348,975</u>	<u>21,059,397</u>	<u>21,304,416</u>	<u>21,335,063</u>
Intergovernmental					
Road use taxes	3,640,825	3,494,289	3,888,765	3,435,711	3,296,194
Other federal/state revenues	2,264,580	2,341,971	1,838,017	3,895,382	2,407,076
County contributions	55,459	48,091	62,769	617,308	132,256
School district contributions	<u>120,946</u>	<u>244,238</u>	<u>3,822</u>	<u>130,404</u>	<u>115,351</u>
	<u>6,081,810</u>	<u>6,128,589</u>	<u>5,793,373</u>	<u>8,078,805</u>	<u>5,950,877</u>
TOTAL	<u><u>\$ 28,143,366</u></u>	<u><u>\$ 27,477,564</u></u>	<u><u>\$ 26,852,770</u></u>	<u><u>\$ 29,383,221</u></u>	<u><u>\$ 27,285,940</u></u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 16,195,117	\$ 16,568,522	\$ 16,287,628	\$ 14,972,295	\$ 14,488,035
5,031	4,528	4,528	5,205	5,713
1,304,792	1,151,368	1,151,368	1,129,203	1,001,996
3,298,910	3,064,314	3,064,314	3,429,223	3,345,242
511,771	361,661	361,661	332,554	313,352
225,019	179,083	179,083	190,496	142,155
-	11,465	11,465	-	-
<u>21,540,640</u>	<u>21,340,941</u>	<u>21,060,047</u>	<u>20,058,976</u>	<u>19,296,493</u>
3,080,523	2,671,825	2,606,751	2,529,235	2,559,000
1,883,123	1,953,220	2,605,406	7,607,513	10,892,450
75,988	49,284	50,948	105,757	78,385
173,012	169,865	161,955	-	-
<u>5,212,646</u>	<u>4,844,194</u>	<u>5,425,060</u>	<u>10,242,505</u>	<u>13,529,835</u>
<u>\$ 26,753,286</u>	<u>\$ 26,185,135</u>	<u>\$ 26,485,107</u>	<u>\$ 30,301,481</u>	<u>\$ 32,826,328</u>

City of Clinton, Iowa

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

Fiscal Year:	2011	2012	2013	2014
January 1 Valuation	2009	2010	2011	2012
Residential property	\$ 824,901,714	\$ 873,107,272	\$ 838,077,699	\$ 844,469,640
Commercial property	264,671,175	270,207,165	263,324,605	290,590,290
Industrial property	143,732,802	193,742,825	223,544,136	172,403,126
Utilities	519,907,540	151,620,680	162,756,342	167,379,969
Other	446,750	446,750	446,750	446,750
Subtotal	1,753,659,981	1,489,124,692	1,488,149,532	1,475,289,775
Agricultural land	13,514,673	15,324,520	17,773,135	17,535,589
TOTAL	\$ 1,767,174,654	\$ 1,504,449,212	\$ 1,505,922,667	\$ 1,492,825,364

2015	2016	2017	2018	2019	2020
2013	2014	2015	2016	2017	2018
\$ 846,761,092	\$ 858,489,381	\$ 863,549,155	869,660,186	871,118,505	872,530,004
281,717,781	286,195,257	263,704,423	274,319,656	271,051,755	280,923,649
149,910,562	155,096,660	163,218,242	179,689,083	187,127,132	182,642,076
188,751,208	197,285,390	216,781,005	235,901,449	289,118,275	377,829,511
446,750	446,750	446,750	446,750	446,750	446,750
1,467,587,393	1,497,513,438	1,507,699,575	1,560,017,124	1,618,862,417	1,714,371,990
26,798,891	23,827,771	25,922,399	26,464,920	28,232,940	28,096,627
<u>\$ 1,494,386,284</u>	<u>\$ 1,521,341,209</u>	<u>\$ 1,533,621,974</u>	<u>\$ 1,586,482,044</u>	<u>\$ 1,647,095,357</u>	<u>\$ 1,742,468,617</u>

City of Clinton, Iowa

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

Fiscal Year:	2011	2012	2013	2014
<u>January 1 Valuation</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential property	\$ 383,571,449	\$ 421,511,650	\$ 422,003,802	\$ 443,940,901
Commercial property	264,671,175	270,207,165	263,324,605	290,590,290
Industrial property	143,732,802	193,742,825	223,544,136	172,403,126
Utilities	66,006,035	94,263,469	101,857,832	102,341,142
Other	<u>446,750</u>	<u>446,750</u>	<u>446,750</u>	<u>446,750</u>
Subtotal	858,428,211	980,171,859	1,011,177,125	1,009,722,209
Less military exemptions	<u>3,456,758</u>	<u>3,389,160</u>	<u>3,313,228</u>	<u>3,226,184</u>
TOTAL	<u>\$ 854,971,453</u>	<u>\$ 976,782,699</u>	<u>\$ 1,007,863,897</u>	<u>\$ 1,006,496,025</u>
Agricultural land	<u>\$ 8,950,487</u>	<u>\$ 10,576,243</u>	<u>\$ 10,194,936</u>	<u>\$ 10,494,318</u>

2015	2016	2017	2018	2019	2020
2013	2014	2015	2016	2017	2018
\$ 457,007,659	\$ 475,424,868	\$ 483,234,316	\$ 498,214,670	\$ 488,042,092	\$ 499,657,890
265,401,457	253,434,239	268,865,227	276,162,107	274,907,130	277,239,424
142,412,661	138,981,191	154,626,634	166,047,010	173,003,242	170,134,501
101,402,573	123,730,880	96,945,283	84,649,545	86,596,571	93,075,713
446,750	-	402,075	446,750	446,750	446,750
966,671,100	991,571,178	1,004,073,535	1,025,520,082	1,022,995,785	1,040,554,278
3,113,212	3,002,092	2,837,264	2,700,216	2,555,760	2,502,052
<u>\$ 963,557,888</u>	<u>\$ 988,569,086</u>	<u>\$ 1,001,236,271</u>	<u>\$ 1,022,819,866</u>	<u>\$ 1,020,440,025</u>	<u>\$ 1,038,052,226</u>
<u>\$ 11,409,968</u>	<u>\$ 11,899,550</u>	<u>\$ 11,774,642</u>	<u>\$ 12,534,373</u>	<u>\$ 15,329,680</u>	<u>\$ 15,755,695</u>

City of Clinton, Iowa

Schedule of General Obligation Bond and Capital Loan Note Maturities
June 30, 2020

Year Ending June 30	Principal	Interest	Total
2021	\$ 4,645,000	\$ 1,809,509	\$ 6,454,509
2022	4,190,000	1,666,549	5,856,549
2023	3,790,000	1,543,889	5,333,889
2024	3,660,000	1,416,229	5,076,229
2025	3,770,000	1,295,779	5,065,779
2026	3,335,000	1,170,361	4,505,361
2027	3,470,000	1,061,111	4,531,111
2028	3,580,000	954,106	4,534,106
2029	3,610,000	841,281	4,451,281
2030	3,435,000	729,281	4,164,281
2031	3,535,000	625,944	4,160,944
2032	3,190,000	515,575	3,705,575
2033	2,325,000	411,862	2,736,862
2034	2,260,000	337,925	2,597,925
2035	1,830,000	265,387	2,095,387
2036	1,895,000	206,637	2,101,637
2037	1,970,000	145,776	2,115,776
2038	1,580,000	74,450	1,654,450
2039	555,000	16,650	571,650
Total	\$ 56,625,000	\$ 15,088,301	\$ 71,713,301

City of Clinton, Iowa

Schedule of General Obligation Bond Maturities
June 30, 2020

General Corporate Purpose Bonds, Series 2009A
Dated August 26, 2009

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 580,000</u>	<u>\$ 29,000</u>	<u>\$ 609,000</u>
Total	<u><u>\$ 580,000</u></u>	<u><u>\$ 29,000</u></u>	<u><u>\$ 609,000</u></u>

City of Clinton, Iowa

Schedule of General Obligation Capital Loan Note Maturities
June 30, 2020

Summary - Capital Loan Note Principal and Interest									
Year Ending June 30	\$	3,065,000	\$	4,975,000	\$	4,155,000	\$	3,225,000	\$
2021		528,550		307,718		393,700		278,325	112,530
2022		529,880		308,098		389,550		278,925	-
2023		-		307,968		400,250		284,425	-
2024		-		307,458		400,350		284,725	-
2025		-		311,558		405,150		289,325	-
2026		-		-		149,500		293,075	-
2027		-		-		145,650		295,925	-
2028		-		-		151,800		297,825	-
2029		-		-		147,000		299,425	-
2030		-		-		152,200		-	-
2031		-		-		152,000		-	-
2032		-		-		156,600		-	-
2033		-		-		150,800		-	-
2034		-		-		-		-	-
2035		-		-		-		-	-
2036		-		-		-		-	-
2037		-		-		-		-	-
2038		-		-		-		-	-
2039		-		-		-		-	-
Total	\$	1,058,430	\$	1,542,800	\$	3,194,550	\$	2,601,975	\$ 112,530

Summary - Capital Loan Note Principal									
Year Ending June 30	\$	3,065,000	\$	4,975,000	\$	4,155,000	\$	3,225,000	\$
2021		510,000		280,000		305,000		220,000	110,000
2022		520,000		285,000		310,000		225,000	-
2023		-		290,000		330,000		235,000	-
2024		-		295,000		340,000		240,000	-
2025		-		305,000		355,000		250,000	-
2026		-		-		110,000		260,000	-
2027		-		-		110,000		270,000	-
2028		-		-		120,000		280,000	-
2029		-		-		120,000		290,000	-
2030		-		-		130,000		-	-
2031		-		-		135,000		-	-
2032		-		-		145,000		-	-
2033		-		-		145,000		-	-
2034		-		-		-		-	-
2035		-		-		-		-	-
2036		-		-		-		-	-
2037		-		-		-		-	-
2038		-		-		-		-	-
2039		-		-		-		-	-
Total	\$	1,030,000	\$	1,455,000	\$	2,655,000	\$	2,270,000	\$ 110,000

Summary - Capital Loan Note Interest									
Year Ending June 30	\$	3,065,000	\$	4,975,000	\$	4,155,000	\$	3,225,000	\$
2021		18,550		27,718		88,700		58,325	2,530
2022		9,880		23,098		79,550		53,925	-
2023		-		17,968		70,250		49,425	-
2024		-		12,458		60,350		44,725	-
2025		-		6,558		50,150		39,325	-
2026		-		-		39,500		33,075	-
2027		-		-		35,650		25,925	-
2028		-		-		31,800		17,825	-
2029		-		-		27,000		9,425	-
2030		-		-		22,200		-	-
2031		-		-		17,000		-	-
2032		-		-		11,600		-	-
2033		-		-		5,800		-	-
2034		-		-		-		-	-
2035		-		-		-		-	-
2036		-		-		-		-	-
2037		-		-		-		-	-
2038		-		-		-		-	-
2039		-		-		-		-	-
Total	\$	28,430	\$	87,800	\$	539,550	\$	331,975	\$ 2,530

Summary - Capital Loan Note Principal and Interest

\$	525,000	\$	5,205,000	\$	4,110,000	\$	10,375,000	\$	12,310,000	\$	9,705,000	Total
	112,090		402,362		348,544		684,788		826,300		906,800	5,845,509
-			466,162		346,194		834,788		834,000		924,550	5,856,549
-			463,562		343,694		833,188		831,100		930,050	5,333,889
-			465,862		341,044		830,788		819,100		683,800	5,076,229
-			462,963		343,244		817,588		811,600		678,300	5,065,779
-			464,963		340,144		813,988		813,350		677,050	4,505,361
-			461,762		341,894		825,263		813,850		669,800	4,531,111
-			463,462		343,344		829,388		803,400		666,800	4,534,106
-			464,962		344,494		829,738		812,800		572,800	4,451,281
-			466,263		340,344		839,487		821,450		571,400	4,164,281
-			461,250		346,044		843,338		809,350		573,650	4,160,944
-			-		345,888		851,437		807,100		570,450	3,705,575
-			-		-		448,638		1,058,662		571,950	2,736,862
-			-		-		451,762		1,061,788		573,000	2,597,925
-			-		-		453,925		1,067,862		573,600	2,095,387
-			-		-		460,087		1,072,800		568,750	2,101,637
-			-		-		460,576		1,081,600		573,600	2,115,776
-			-		-		-		1,081,600		572,850	1,654,450
-			-		-		-		-		571,650	571,650
\$	112,090	\$	5,043,573	\$	4,124,872	\$	12,108,767	\$	16,227,712	\$	12,430,850	\$ 71,104,301

Summary - Capital Loan Note Principal

\$	525,000	\$	5,205,000	\$	4,110,000	\$	10,375,000	\$	12,310,000	\$	9,705,000	Total
	110,000		310,000		245,000		375,000		410,000		545,000	4,065,000
-			380,000		250,000		540,000		430,000		590,000	4,190,000
-			385,000		255,000		560,000		440,000		625,000	3,790,000
-			395,000		260,000		580,000		450,000		410,000	3,660,000
-			400,000		270,000		590,000		465,000		425,000	3,770,000
-			410,000		275,000		610,000		490,000		445,000	3,335,000
-			415,000		285,000		635,000		515,000		460,000	3,470,000
-			425,000		295,000		655,000		520,000		480,000	3,580,000
-			435,000		305,000		675,000		545,000		410,000	3,610,000
-			445,000		310,000		705,000		570,000		425,000	3,435,000
-			450,000		325,000		730,000		575,000		440,000	3,535,000
-			-		335,000		760,000		590,000		450,000	3,190,000
-			-		-		380,000		860,000		465,000	2,325,000
-			-		-		395,000		890,000		480,000	2,260,000
-			-		-		410,000		925,000		495,000	1,830,000
-			-		-		430,000		960,000		505,000	1,895,000
-			-		-		445,000		1,000,000		525,000	1,970,000
-			-		-		-		1,040,000		540,000	1,580,000
-			-		-		-		-		555,000	555,000
\$	110,000	\$	4,450,000	\$	3,410,000	\$	9,475,000	\$	11,675,000	\$	9,270,000	\$ 56,045,000

Summary - Capital Loan Note Interest

\$	525,000	\$	5,205,000	\$	4,110,000	\$	10,375,000	\$	12,310,000	\$	9,705,000	Total
	2,090		92,362		103,544		309,788		416,300		361,800	1,780,509
-			86,162		96,194		294,788		404,000		334,550	1,666,549
-			78,562		88,694		273,188		391,100		305,050	1,543,889
-			70,862		81,044		250,788		369,100		273,800	1,416,229
-			62,963		73,244		227,588		346,600		253,300	1,295,779
-			54,963		65,144		203,988		323,350		232,050	1,170,361
-			46,762		56,894		190,263		298,850		209,800	1,061,111
-			38,462		48,344		174,388		283,400		186,800	954,106
-			29,962		39,494		154,738		267,800		162,800	841,281
-			21,263		30,344		134,487		251,450		146,400	729,281
-			11,250		21,044		113,338		234,350		133,650	625,944
-			-		10,888		91,437		217,100		120,450	515,575
-			-		-		68,638		198,662		106,950	411,862
-			-		-		56,762		171,788		93,000	337,925
-			-		-		43,925		142,862		78,600	265,387
-			-		-		30,087		112,800		63,750	206,637
-			-		-		15,576		81,600		48,600	145,776
-			-		-		-		41,600		32,850	74,450
-			-		-		-		-		16,650	16,650
\$	2,090	\$	593,573	\$	714,872	\$	2,633,767	\$	4,552,712	\$	3,160,850	\$ 15,059,301

City of Clinton, Iowa

**Computation of Legal Debt Margin
June 30, 2020**

Actual Property Valuation-January 1, 2018 (Includes TIF valuation)	<u><u>\$ 1,792,319,458</u></u>
Debt limit, 5% of total actual valuation	\$ 89,615,973
Debt applicable to debt limit, debt service:	
General obligation loan notes and bonds	56,625,000
Due to other government	5,252,591
Tax increment financing indebtedness	<u>8,168,260</u>
Legal debt margin	<u><u>\$ 19,570,122</u></u>

City of Clinton, Iowa

Miscellaneous Statistics (Unaudited) June 30, 2020

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

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COMPLIANCE SECTION

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City of Clinton, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Direct:				
U.S. Department of Housing and Urban Development				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0659-17	\$ 616,217	\$ 616,217
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	2018-BUBX15077025	-	1,211
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0366	-	16,501
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0654	16,793	16,793
			16,793	33,294
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2018-AR-BX-K111	201,053	201,053
U.S. Department of Transportation				
Airport Improvement Program	20.106	3-19-0019-020-2018	-	12,664
COVID 19 Airport Improvement Program	20.106	3-19-0019-021-2020	-	30,000
			-	42,664
U.S. Department of Health and Human Services				
Provider Relief Fund	93.498		-	13,841
Total Direct			834,063	908,280
Indirect:				
U.S. Department of Housing and Urban Development				
Pass-through Iowa Economic Development Authority				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-WS-003	-	27,319
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-OT-002	-	139,075
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-HSG-004	-	162,337
COVID 19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		-	1,049
			-	329,780
U.S. Department of Justice				
Passed through Governor's Office of Drug Control Policy				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-JAG-304838	-	8,856
			-	8,856
U.S. Department of Transportation				
Pass-through Iowa Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	IA-2019-024-00	-	744,729
Pass-through Iowa Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	19-402-MOAL Task 05-00-00	-	3,754
State and Community Highway Safety	20.600	19-402-MOAL Task 08-00-00	-	5,357
			-	9,111

(Continued)

City of Clinton, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency				
Pass-through Iowa Department of Natural Resources Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	20-7540-31	-	9,580
U.S. Department of Homeland Security				
Pass-through Iowa Department of Homeland Security and Emergency Management Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	4421DRIAP00003741	-	40,676
Total Indirect			-	1,142,732
Total Expenditures of Federal Awards			\$ 834,063	\$ 2,051,012

See Notes to Schedule of Expenditures of Federal Awards.

City of Clinton, Iowa

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

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, 2020. 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 basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant.

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

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

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

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

City of Clinton



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
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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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clinton, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 16, 2021.

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 to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clinton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clinton's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Clinton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-20, II-B-20 and II-C-20 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-20 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Clinton's Responses to the Findings

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

Purpose of this Report

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

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

Marlys K. Gaston, CPA
Deputy Auditor of State

March 16, 2021

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

City of Clinton



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

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Clinton, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2020. The City of Clinton's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, the City of Clinton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 which we consider to be a significant deficiency.

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

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

Marlys K. Gaston, CPA
Deputy Auditor of State

March 16, 2021

City of Clinton
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) Unmodified opinions were issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were CFDA Number 14.900 – Lead-Based Paint Hazard Control in Privately-Owned Housing and CFDA Number 20.509 – Formula Grants for Rural Areas and Tribal Transit Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Clinton did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 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. Only one individual in the Finance office is responsible for collecting utility payments made in the city drop box located outside City Hall.	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 reviewed periodically by an independent person for propriety for seven months. For the other five months, bank reconciliations were not reviewed in a timely manner.	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 voided receipts is not maintained or reviewed.	Finance, Airport and Marina
(6) Several offices maintain a separate set of records. A reconciliation between the office's records and records at the Finance office is not performed.	Airport and Marina
(7) Journal entries are not reviewed and approved by an independent person.	Finance

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

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

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

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

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

II-B-20 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

Condition – During the audit, we identified material amounts of receivables, payables and cash which were not properly recorded in the City's financial statements. Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

Cause – City policies do not require and procedures have not been established to require independent review of year-end cut off transactions to ensure the City's financial statements are accurate and reliable.

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

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

Response – We will work to ensure future receivables, payables and cash are properly recorded.

Conclusion – Response accepted.

II-C-20 Reconciliation of Utility Billings, Collection 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.

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 utility billing system and the general ledger was fully integrated at the end of fiscal year 2020. The Finance Director will work on establishing a monthly reconciliation workpaper for utility accounts receivable.

Conclusion – Response accepted.

II-D-20 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 – During our review of internal control, the existing control activities in the City's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the City's computer systems were noted:

Also, the City does not have a written disaster recovery plan.

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

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

Recommendation – The City should develop written policies addressing the above items in order to improve the City's control over its computer systems. A written disaster recovery plan should be developed.

Response – The City's system administrator is working on a continuity of operations plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

INTERNAL CONTROL DEFICIENCY:

**CFDA Number 14.900: Lead-Based Paint Hazard Control in Privately-Owned Housing
Pass-through Entity Identifying Number: IALHB0659-17**

Federal Award Year: 2017

Prior Year Finding Number: NA

U. S. Department of Housing and Urban Development

III-A-20 Compliance Monitoring
(2020-001)

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 states ECIA will identify applicable federal and state laws and regulations and assist in complying with federal and state requirements. The agreement also states ECIA will 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 retained responsibility 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 maintained by ECIA to ensure compliance with the requirements of the Uniform Guidance.

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 monitoring ECIA to ensure compliance with the requirements of the Uniform Guidance.

Recommendation – The City should maintain and review documentation to ensure applicable compliance requirements have been met.

Response and Corrective Action Planned – The City will start requiring all supporting documentation for all grants, even those that are being administered by a third party. We will review eligibility requirements quarterly and ask for documentation from the third party administration team (such as timesheets) for time spent on grant administration.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the public works, culture and recreation, community and economic development, general government and debt service 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.”

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

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

Conclusion – Response accepted.

IV-B-20 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-20 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-20 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joshua Mussmann, Engineering Employee, Owner of JT Contracting	Concrete work/park improvements - bid	\$ 17,501
Joshua Mussmann, Engineering Employee, Owner of JT Contracting	Concrete work & professional services- not bid	1,175
Sean Connell, City Council, Owner of Air Control, Inc.	Heating and cooling repair - bid	23,370
Sean Connell, City Council, Owner of Air Control, Inc.	Heating and cooling repair - not bid	16,010

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Joshua Mussman for \$1,175 do not appear to represent a conflict of interest since the total transactions were less than \$6,000 during the fiscal year.

The transactions with the Joshua Mussmann for \$17,501 and Sean Connell \$23,370 do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

The transactions with Sean Connell for \$16,010 may represent a conflict of interest since the transactions exceeded \$6,000 and were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

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

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

Conclusion – Response accepted.

IV-E-20 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-20 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-20 City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

IV-H-20 Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-I-20 Revenue Bonds and Notes – No instances of non-compliance with the sewer revenue note provisions were noted.

IV-J-20 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City understated the TIF debt outstanding, cash and the TIF revenues reported on the Levy Authority Summary.

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

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

Conclusion – Response accepted.

IV-K-20 Capital Lease Purchase Agreement – During the year ended June 30, 2020, the City entered into a capital lease purchase agreement for the purchase of blowers for the sewer department. However, a public hearing was not held prior to the authorization of this lease purchase agreement as required by Chapter 364.4(f) of the Code of Iowa.

Recommendation – The City should consult legal counsel for the disposition of this matter. In the future, the City should hold a public hearing prior to the authorization of a lease purchase agreement in accordance with Chapter 364.4(f) of the Code of Iowa.

Response – The City will work to become more familiar with all of the public hearing requirements for a municipality when securing funding sources for future purchases of capital equipment.

Conclusion – Response accepted.

IV-L-20 Financial Condition – The Special Revenue, Employee Benefits Fund had a deficit fund balance of \$403,126 at June 30, 2020.

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

Response – The City will work to return the fund to a sound financial position.

Conclusion – Response accepted.

City of Clinton

Staff

This audit was performed by:

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