

Attachment A

CLARKSTON TOWN

Compiled Financial Statements

For the Year Ended June 30, 2024

DRAFT

TABLE OF CONTENTS

<u>Financial Section:</u>	Page Number
Independent Accountant's Compilation Report	1
Management's Discussion and Analysis	2
<u>Basic Financial Statements:</u>	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Fund	14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Notes to Financial Statements	17
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule – General Fund	31

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Mayor and Town Council
Clarkston Town
Clarkston, Utah

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Clarkston Town (the Town), as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information, on pages 2 through page 7 and page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement; however, I have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

MATTHEW REGEN, CPA, PC

February 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Clarkston Town (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position (government and business-type activities) of the Town increased during fiscal year 2024 by \$108,435 to a total of \$2,639,270. The governmental net position increased by \$88,106 and the business-type net position increased by \$20,329.
- The total net position (government and business-type activities) of the Town consist of \$1,868,991 in capital assets, net of related debt, \$106,374 in restricted net position and \$663,905 in unrestricted net position.
- The total long-term liabilities of the Town were reduced \$41,000 during the fiscal year 2024.

REPORTING THE TOWN AS A WHOLE

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

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

- *The statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two 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 Town is improving or deteriorating. However, there will also be a need to consider other non-financial factors.
- *The statement of activities* presents information showing how the Town's net position changed during the fiscal year reported. 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 periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are

See independent accountant's compilation report.

intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, parks and recreation, and public works. The business-type activities of the Town include the water utility. The government-wide financial statements can be found on pages 8 and 9 of this report.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 financing 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 effect of the Town'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 only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Perpetual Care Fund.

- **Proprietary funds** - The Town maintains only one proprietary fund, an enterprise fund, to account for its culinary water utility operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Water Fund meets the criteria for major fund classification.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town currently has no fiduciary funds.

See independent accountant's compilation report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$2,639,270.

By far, the largest portion of the Town's net position (71 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules present summarized information from the Statement of Net Position and the Statement of Activities:

STATEMENT OF NET POSITION

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 481,355	568,311	497,044	437,925	418,684	374,180
Capital assets, net	<u>1,031,736</u>	<u>796,858</u>	<u>807,122</u>	<u>1,010,255</u>	<u>1,052,294</u>	<u>1,094,333</u>
Total assets	1,513,091	1,365,169	1,304,166	1,448,180	1,470,978	1,468,513
Current liab. and deferred inflows	144,758	84,942	70,071	46,243	47,370	44,411
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,000</u>	<u>173,000</u>	<u>214,000</u>
Total liabilities and deferred inflows	144,758	84,942	70,071	177,243	220,370	258,411
Invested in capital assets, net of debt	1,031,736	796,858	807,122	837,255	838,294	840,333
Restricted	106,374	245,223	285,760	-	-	-
Unrestricted	<u>230,223</u>	<u>238,146</u>	<u>141,213</u>	<u>433,682</u>	<u>412,314</u>	<u>369,769</u>
Total net position	\$ <u>1,368,333</u>	<u>1,280,227</u>	<u>1,234,095</u>	<u>1,270,937</u>	<u>1,250,608</u>	<u>1,210,102</u>

See independent accountant's compilation report.

STATEMENT OF ACTIVITIES

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 166,295	143,868	129,259	136,817	155,936	130,201
Operating grants	98,304	68,310	58,754	-	-	-
Capital grants	2,229	45,606	52,635	-	-	-
General revenues:						
Property taxes	61,879	61,004	62,193	-	-	-
Sales and use taxes	138,705	141,143	133,656	-	-	-
Franchise taxes	4,666	6,208	5,140	-	-	-
Interest income	44,326	26,051	3,333	-	-	-
Total revenues	516,404	492,190	444,970	136,817	155,936	130,201
Expenses:						
General government	152,914	204,190	131,768	-	-	-
Public safety	66,526	51,912	53,900	-	-	-
Streets and public improvements	76,089	64,592	74,716	-	-	-
Parks and recreation	66,568	62,335	52,861	-	-	-
Sanitation	66,201	63,029	60,622	-	-	-
Water utility	-	-	-	116,488	115,430	110,374
Total expenses	428,298	446,058	373,867	116,488	115,430	110,374
Change in net position	88,106	46,132	71,103	20,329	40,506	19,827
Net position – beginning (07-01)	1,280,227	1,234,095	1,162,992	1,250,608	1,210,102	1,190,275
Net position – ending (06-30)	\$ 1,368,333	1,280,227	1,234,095	1,270,937	1,250,608	1,210,102

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$336,597, a decrease of \$146,772 from the prior year. Of this total amount \$230,222 constitutes unassigned fund balance, which is available to meet the future financial needs of the Town. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is legally required to be used for the perpetual care of the cemetery and for capital projects.

See independent accountant's compilation report.

The General Fund is the chief operating fund of the Town. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 40 percent of total General Fund revenues. The two largest elements of taxes are sales taxes and property taxes. Combined, they represent 98 percent of total tax revenues and 39 percent of the total General Fund revenues.

The Town maintains an enterprise fund to account for the business-type activities of the Town. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year the General Fund budget for revenues was \$569,418. The actual revenue was \$488,577. This resulted in an unfavorable variance of \$80,841 for revenue. The General Fund budget for expenditures was \$569,418. The actual expenditures were \$426,500. This resulted in a favorable variance of \$142,918 for expenditures. Overall, the Town had a favorable variance for the excess of revenues over expenditures of \$62,077.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$1,868,991 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads and infrastructure (streets, sidewalks, curb and gutter, etc.). The increase in the Town's investment in capital assets for the current fiscal year was \$324,299 and depreciation expense was \$131,459.

Major capital assets purchased during the fiscal year included the following:

- \$72,407 in road improvements and equipment
- \$232,427 in new town hall improvements
- \$19,465 in cemetery improvements

Additional information on the Town's capital assets can be found in the footnotes to this financial report.

Long-term debt – At June 30, 2024, the Town had total debt outstanding of \$173,000 which consists of water revenue bonds used to improve the water system.

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Additional information on the outstanding debt obligations of the Town can be found in the footnotes to this financial report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town'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 financial information, should be addressed to the Clarkston Town, P.O. Box 181, Clarkston, Utah, 84305.

See independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF NET POSITION
JUNE 30, 2024

<u>Assets</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 350,836	430,809	781,645
Receivables, net	130,519	7,116	137,635
Fixed assets, net	<u>1,031,736</u>	<u>1,010,255</u>	<u>2,041,991</u>
 Total assets	 <u>1,513,091</u>	 <u>1,448,180</u>	 <u>2,961,271</u>
 <u>Liabilities & Deferred Inflows of Resources</u>			
Liabilities:			
Accounts payable and accrued expenses	52,173	4,243	56,416
Bonds payable:			
Due within one year	-	42,000	42,000
Due within more than one year	-	131,000	131,000
Deferred inflows of resources	<u>92,585</u>	<u>-</u>	<u>92,585</u>
 Total liabilities & deferred inflows	 <u>144,758</u>	 <u>177,243</u>	 <u>322,001</u>
 <u>Net Position</u>			
Investments in capital assets, net of related debt	1,031,736	837,255	1,868,991
Restricted:			
Perpetual care	31,374	-	31,374
Capital projects	75,000	-	75,000
Unrestricted	<u>230,223</u>	<u>433,682</u>	<u>663,905</u>
 Total net position	 \$ <u><u>1,368,333</u></u>	 <u><u>1,270,937</u></u>	 <u><u>2,639,270</u></u>

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental:							
General government	\$ 152,914	43,979	-	-	(108,935)	-	(108,935)
Sanitation	66,201	75,952	-	-	9,751	-	9,751
Public safety	66,526	10,442	4,100	-	(51,984)	-	(51,984)
Streets and public improvements	76,089	12,547	94,204	-	30,662	-	30,662
Parks and recreation	66,568	23,375	-	2,229	(40,964)	-	(40,964)
Total governmental activities	428,298	166,295	98,304	2,229	(161,470)	-	(161,470)
Business-type activities:							
Water fund	116,488	136,817	-	-	-	20,329	20,329
Total business-type activities	116,488	136,817	-	-	-	20,329	20,329
Total primary government	\$ 544,786	303,112	98,304	2,229	(161,470)	20,329	(141,141)
General revenues:							
Taxes:							
Sales and use tax					138,705	-	138,705
Property tax					61,879	-	61,879
Franchise and other taxes					4,666	-	4,666
Total taxes					205,250	-	205,250
Interest income					44,326	-	44,326
Total general revenues					249,576	-	249,576
Change in net position					88,106	20,329	108,435
Net position - beginning					1,280,227	1,250,608	2,530,835
Net position - ending					\$ 1,368,333	1,270,937	2,639,270

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2024

<u>Assets</u>	<u>General Fund</u>	<u>Perpetual Care Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Pooled cash and cash equivalents	\$ 240,162	35,674	75,000	350,836
Receivables, net	<u>130,519</u>	<u>-</u>	<u>-</u>	<u>130,519</u>
Total assets	<u>370,681</u>	<u>35,674</u>	<u>75,000</u>	<u>481,355</u>
<u>Liabilities, Deferred Inflows of Resources & Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	47,873	4,300	-	52,173
Deferred inflows of resources	<u>92,585</u>	<u>-</u>	<u>-</u>	<u>92,585</u>
Total liabilities & deferred inflows	<u>140,458</u>	<u>4,300</u>	<u>-</u>	<u>144,758</u>
Fund balance:				
Restricted - Care of cemetery/Capital improvements	-	31,374	75,000	106,374
Unassigned	<u>230,223</u>	<u>-</u>	<u>-</u>	<u>230,223</u>
Total fund balance	<u>230,223</u>	<u>31,374</u>	<u>75,000</u>	<u>336,597</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 370,681</u>	<u>35,674</u>	<u>75,000</u>	<u>481,355</u>

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balance for governmental funds	\$	336,597
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Net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	39,321	
Buildings and improvements		1,427,340	
Equipment		475,716	
Accumulated depreciation		<u>(910,641)</u>	<u>1,031,736</u>

Net position of governmental activities	\$	<u><u>1,368,333</u></u>
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See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Perpetual Care Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 205,250	-	-	205,250
Licenses and permits	29,776	-	-	29,776
Intergovernmental	98,674	-	-	98,674
Charges for services	85,753	21,585	-	107,338
Miscellaneous revenues	69,124	6,242	-	75,366
Total revenues	<u>488,577</u>	<u>27,827</u>	<u>-</u>	<u>516,404</u>
Expenditures:				
General government	149,243	-	-	149,243
Sanitation	66,201	-	-	66,201
Public safety	45,082	-	-	45,082
Streets and public improvements	120,865	-	208,295	329,160
Parks and recreation	45,110	28,380	-	73,490
Total expenditures	<u>426,501</u>	<u>28,380</u>	<u>208,295</u>	<u>663,176</u>
Transfers	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(7,924)</u>	<u>(553)</u>	<u>(138,295)</u>	<u>(146,772)</u>
Fund balance - beginning of year	<u>238,146</u>	<u>31,928</u>	<u>213,295</u>	<u>483,369</u>
Fund balance - end of year	<u>\$ 230,222</u>	<u>31,375</u>	<u>75,000</u>	<u>336,597</u>

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balance - Total governmental funds	\$	(146,772)
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Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays of \$324,299 exceeded
depreciation expense of \$89,421 in the current year.

234,878

Changes in net position of governmental activities	\$	<u>88,106</u>
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See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2024

<u>Assets</u>	<u>Water Fund</u>	<u>Total Business- type Activities</u>
Pooled cash and cash equivalents	\$ 430,809	430,809
Receivables, net	7,116	7,116
Fixed assets, net	<u>1,010,255</u>	<u>1,010,255</u>
Total assets	<u>1,448,180</u>	<u>1,448,180</u>
 <u>Liabilities</u>		
Accounts payable and accrued liabilities	4,243	4,243
Non-current liabilities:		
Due within one year	42,000	42,000
Due in more than one year	<u>131,000</u>	<u>131,000</u>
Total liabilities	<u>177,243</u>	<u>177,243</u>
 <u>Net Position</u>		
Investments in capital assets, net of related debt	837,255	837,255
Unrestricted	<u>433,682</u>	<u>433,682</u>
Total net position	<u>\$ 1,270,937</u>	<u>1,270,937</u>

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Water Fund	Total Business- type Activities
Operating revenues:		
Services	\$ 129,122	129,122
Hookups and other revenues	2,695	2,695
Grants	-	-
Total operating revenues	<u>131,817</u>	<u>131,817</u>
Operating expenses:		
Salaries and wages	16,938	16,938
Current expenses	42,876	42,876
Depreciation	<u>42,038</u>	<u>42,038</u>
Total operating expense	<u>101,852</u>	<u>101,852</u>
Operating income	29,965	29,965
Non-operating income (expense):		
Impact fee income	5,000	5,000
Interest expense	<u>(14,636)</u>	<u>(14,636)</u>
Total non-operating income	<u>(9,636)</u>	<u>(9,636)</u>
Change in net position	20,329	20,329
Net position - beginning of year	<u>1,250,608</u>	<u>1,250,608</u>
Net position - end of year	\$ <u><u>1,270,937</u></u>	<u><u>1,270,937</u></u>

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Water Fund	Total Business- type Activities
<u>Cash flows from operating activities:</u>		
Receipts from customers and users	\$ 130,298	130,298
Payments to employees	(16,938)	(16,938)
Payments to suppliers	(45,002)	(45,002)
Net cash provided by operating activities	68,358	68,358
<u>Cash flows from non-capital financing activities</u>	-	-
<u>Cash flows from capital and related financing activities:</u>		
Impact fee income	5,000	5,000
Purchase of water system equipment	-	-
Principal payments on bonds	(41,000)	(41,000)
Net cash used by capital and related financing activities	(36,000)	(36,000)
<u>Cash flows from investing activities:</u>		
Interest expense	(14,636)	(14,636)
Net cash used by investing activities	(14,636)	(14,636)
Net increase in cash and cash equivalents	17,722	17,722
Cash and cash equivalents at beginning of year	413,087	413,087
Cash and cash equivalents at end of year	\$ 430,809	430,809
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 29,965	29,965
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	42,038	42,038
Change in assets and liabilities:		
Increase in accounts receivable	(1,519)	(1,519)
Decrease in accounts payable	(2,126)	(2,126)
Total adjustments	38,393	38,393
Net cash provided by operating activities	\$ 68,358	68,358

See accompanying notes and independent accountant's compilation report.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Clarkston Town (the Town) was incorporated under the laws of the state of Utah. The Town operates by ordinance under the Mayor-Council form of government and provides such services as are authorized by its charter including public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administration. In addition, the Town owns and operates a water utility.

The accounting and reporting policies of the Town relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to December 1, 1989, which do not conflict with or contradict GASB pronouncements. The Town has elected not to follow FASB pronouncements issued after November 30, 1989 in the preparation of these financial statements. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Government-wide and Fund 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 Town and its component units. The interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Town applies expenses for restricted resources first when both restricted and unrestricted net position is available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Perpetual Care Fund is used to report resources legally restricted to the extent that earnings may only be used for purposes to support the Town's cemetery.

The Town reports the following major proprietary fund:

- The Water Utility accounts for the activities of the Town's water production, treatment, and distribution operations.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible fixed assets used is charged as an expense against the Town's operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	10 to 40 years
Water system and equipment	7 to 50 years
Machinery and equipment	5 to 20 years
Infrastructure	50 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Equity Classifications: Government-wide Financial Statements

Equity in the government-wide financial statements is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

- Restricted net position – Consists of net position with constraints placed on the usage whether by 1) external groups such as creditors, grantors or laws and regulations of other governments; 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Equity Classifications: Fund Financial Statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balances – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Town Council, likewise, formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the Town Council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the General Fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the Town considers restricted funds to have been spent first. When an

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the Town Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Cache County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The Town must adopt a final tax rate prior to June 22, which is then submitted to the State for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at 6% above the federal discount rate from January 1 until paid.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the Town in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly-liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted position) with original maturities of three months or less to be cash equivalents.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. Property taxes (previously reported as deferred revenues) are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These deferred inflows are reported on the Statement of Net Position and the Balance Sheet – Governmental Funds.

Subsequent Events

The Town has evaluated all subsequent events through February 18, 2025, the date the financial statements were available to be issued.

Note 2 – Deposits and Investments

The Town follows the requirements for the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This Act requires the depositing of Town funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be returned. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2024, none of the Town’s bank balances were uninsured and/or uncollateralized.

Investments

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

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standards &

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Deposits and Investments (continued)

Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in money market mutual fund as defined by the Act; and the Utah State Public Treasurer's Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act established by the Money Management Council which oversees the activities of the state treasurer and the PTIF, and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

The Town's investments on June 30, 2024, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u> (Less than one year)	<u>Quality Rating</u>
State of Utah PTIF	<u>\$3,068</u>	<u>\$3,068</u>	Unrated

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits and fixed rate corporate obligations of 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have remaining term to final maturity exceeding two years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the Act as previously discussed. See the quality ratings on the investment schedules above.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Deposits and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy for custodial credit risk in regard to the custody of the Town's investments.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of Money Management Council.

Note 3 – Legal Compliance – Budgets

~~On or before the first scheduled Town council meeting in May, all agencies of the Town submit requests for appropriation to the Town's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.~~

The proposed budget is presented to the Town council for review at the first scheduled meeting in May. The Town council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the Town financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that Town officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 4 – Receivables

The Town has property and sales taxes, accounts receivable and receivables due from other governments as of June 30, 2024 as follows:

General Fund:

Taxes:

Property taxes	\$ 93,213
Sales taxes	<u>21,909</u>
Total taxes receivable	<u>115,122</u>

Accounts:

Sanitation	4,832
911 fees	<u>510</u>
Total accounts receivable	<u>5,342</u>

Due from other governments:

Class "C" roads – State of Utah	<u>10,055</u>
Total due from other governments	<u>15,397</u>

Total receivables	\$ <u>130,519</u>
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Water Fund:

Accounts:

Services and fees	\$ <u>7,116</u>
Total receivables	\$ <u>7,116</u>

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5 – Capital Assets

Capital asset changes occurring for the year ended June 30, 2024, are as follows:

	July 1, 2023	Additions	Deletions	June 30, 2024
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 39,321	-	-	39,321
Total capital assets not being depreciated	39,321	-	-	39,321
Capital assets being depreciated:				
Buildings	1,133,934	293,405	-	1,427,339
Equipment	444,823	30,894	-	475,717
Total capital assets being depreciated	1,578,757	324,299	-	1,903,056
Accumulated depreciation for:				
Buildings	(484,038)	(50,296)	-	(534,334)
Equipment	(337,181)	(39,125)	-	(376,306)
Total accumulated depreciation	(821,219)	(89,421)	-	(910,640)
Total capital assets being depreciated, net	757,538	234,878	-	992,416
Total governmental activities Capital assets, net	\$ 796,858	234,878	-	1,031,736

Depreciation expense was charged to functions of the Town as follows:

General government	\$ 27,803
Public safety	21,444
Streets and public improvements	27,631
Parks and recreation	12,543
Total depreciation expense	\$ 89,421

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5 – Capital Assets (continued)

	July 1, 2023	Additions	Deletions	June 30, 2024
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,000	-	-	1,000
Total capital assets not being depreciated	1,000	-	-	1,000
Capital assets being depreciated:				
Equipment	139,054	-	-	139,054
Improvements	1,984,895	-	-	1,984,895
Total capital assets being depreciated	2,123,949	-	-	2,123,949
Accumulated depreciation for:				
Equipment	(32,518)	(2,341)	-	(34,859)
Improvements	(1,040,136)	(39,697)	-	(1,079,833)
Total accumulated depreciation	(1,072,654)	(42,038)	-	(1,114,692)
Total capital assets being depreciated, net	1,051,294	(42,038)	-	1,009,255
Total business-type activities capital assets, net	\$ 1,052,294	(42,038)	-	1,010,255

Note 6 – Impact Fees

The Town assesses impact fees for water improvements as allowed by state law. Impact fees represent fees assessed by the Town for future capital improvements. These fees are not intended to recover impact costs for growth in areas not assessed by the Town. The Town reports as restricted net position and fund balance the excess of the impact fees collected over the uses for identified projects.

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7 – Long-term Debt

Long-term liability transactions for the fiscal year ended June 30, 2024, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities:</u>					
Bonds payable	\$ 214,000	-	(41,000)	173,000	42,000
Total business-type long-term liabilities	\$ 214,000	-	(41,000)	173,000	42,000

Business-type Activities

Long-term debt for business-type activities consists of the following:

Bonds payable

\$705,000 Water revenue bonds, Series 2007, issued May 1, 2007. Due to the State of Utah in annual installments ranging from \$27,000 - \$45,000, including interest at 2.74 percent, through January 2028. \$ 173,000

The following is a summary of the annual payments to maturity:

Year Ending June 30,	Principal	Interest	Totals
2025	42,000	4,740	46,740
2026	42,000	3,589	45,589
2027	44,000	2,439	46,439
2028	45,000	1,233	46,233
2029	-	-	-
Thereafter	-	-	-
Totals	\$ <u>173,000</u>	<u>12,001</u>	<u>185,001</u>

CLARKSTON TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8 – Fund Balance Classifications

Pursuant to GASB No. 54 (see Note 1, *Equity Classifications: Fund Financial Statements*) the governmental fund balances are classified as follows:

Restricted fund balance – \$31,374 for the perpetual care of the cemetery.

Restricted fund balance – \$75,000 for capital projects.

The remaining fund balance is unassigned.

REQUIRED SUPPLEMENTARY INFORMATION

CLARKSTON TOWN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 216,129	216,129	205,250	(10,879)
Licenses and permits	25,250	25,250	29,776	4,526
Intergovernmental	61,500	61,500	98,674	37,174
Charges for services	70,000	70,000	85,753	15,753
Miscellaneous revenues	196,539	196,539	69,124	(127,415)
	<u>-</u>	<u>-</u>		
Total revenues	<u>569,418</u>	<u>569,418</u>	<u>488,577</u>	<u>(80,841)</u>
Expenditures:				
General government	251,639	251,639	149,243	102,396
Public safety	50,500	50,500	45,082	5,418
Streets and public improvements	126,879	126,879	120,865	6,014
Sanitation	65,000	65,000	66,201	(1,201)
Parks and recreation	75,400	75,400	45,109	30,291
	<u>-</u>	<u>-</u>		
Total expenditures	<u>569,418</u>	<u>569,418</u>	<u>426,500</u>	<u>142,918</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>62,077</u>	<u>62,077</u>
Other financing sources (uses):				
Unappropriated fund balance:	-	-	-	-
Transfers out	-	-	(70,000)	
	<u>-</u>	<u>-</u>	<u>(70,000)</u>	
Total other financing sources	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses \$	<u>-</u>	<u>-</u>	<u>(7,923)</u>	<u>62,077</u>
Fund balance - beginning of year	\$		<u>238,146</u>	
Fund balance - end of year	\$		<u>230,223</u>	

See independent accountant's compilation report.

THE UNIVERSITY OF CHICAGO LIBRARY 540 EAST 57TH STREET CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
 LIBRARY

DATE	FROM	TO	BY	REMARKS
1961	1962	1963	1964	1965
1966	1967	1968	1969	1970
1971	1972	1973	1974	1975
1976	1977	1978	1979	1980
1981	1982	1983	1984	1985
1986	1987	1988	1989	1990
1991	1992	1993	1994	1995
1996	1997	1998	1999	2000
2001	2002	2003	2004	2005
2006	2007	2008	2009	2010
2011	2012	2013	2014	2015
2016	2017	2018	2019	2020
2021	2022	2023	2024	2025

2026	2027	2028	2029	2030
2031	2032	2033	2034	2035
2036	2037	2038	2039	2040
2041	2042	2043	2044	2045
2046	2047	2048	2049	2050
2051	2052	2053	2054	2055
2056	2057	2058	2059	2060
2061	2062	2063	2064	2065
2066	2067	2068	2069	2070
2071	2072	2073	2074	2075
2076	2077	2078	2079	2080
2081	2082	2083	2084	2085
2086	2087	2088	2089	2090
2091	2092	2093	2094	2095
2096	2097	2098	2099	2100

2101	2102	2103	2104	2105
2106	2107	2108	2109	2110
2111	2112	2113	2114	2115
2116	2117	2118	2119	2120
2121	2122	2123	2124	2125
2126	2127	2128	2129	2130
2131	2132	2133	2134	2135
2136	2137	2138	2139	2140
2141	2142	2143	2144	2145
2146	2147	2148	2149	2150
2151	2152	2153	2154	2155
2156	2157	2158	2159	2160
2161	2162	2163	2164	2165
2166	2167	2168	2169	2170
2171	2172	2173	2174	2175
2176	2177	2178	2179	2180
2181	2182	2183	2184	2185
2186	2187	2188	2189	2190
2191	2192	2193	2194	2195
2196	2197	2198	2199	2200

Attachment B

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Town Council and
Honorable Mayor
Clarkston Town

In accordance with *Utah Code 51-2a-201*, I have performed the procedures enumerated below, which were agreed to by Clarkston Town and the Office of the Utah State Auditor, related to Clarkston Town's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements for the year ended June 30, 2024.

Clarkston Town's management is responsible for its Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Agreed-Upon Procedures Related to the Amounts Reported to the Office of the Utah State Auditor

The procedures that I performed and my findings are summarized as follows:

Procedures	Result
FINANCIAL SURVEY	
GENERAL	
1. I obtained a copy of the entity's Financial Survey which was completed by the entity.	I noted no exceptions as a result of these procedures.
2. I agreed amounts reported on the Financial Survey to the entity's general ledger.	I noted no exceptions as a result of these procedures.

Procedures	Result
REVENUES 3. I compared each revenue account on the Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total revenues and 10% of the individual line item from the prior year, inquire of management and review applicable supporting documentation and determined whether the entity's explanation for the change was in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies as applicable.	I noted no exceptions as a result of these procedures.
DISBURSEMENTS 4. I compared each expense account on the Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total expenses and 10% of the individual line item from the prior year, inquire of management and review applicable supporting documentation to determine whether the entity's explanation for the change was in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies as applicable.	I noted no exceptions as a result of these procedures.
ACCOUNTING RECORDS	
GENERAL 5. I inquired with those charged with governance, the chief administrative officer and chief financial officer (as designated in UCA 11-50-202) of any instances indicating any fraud, illegal acts, or noncompliance.	I noted no exceptions as a result of these procedures.
DISBURSEMENTS 6. I determined whether financial reports were prepared monthly or quarterly as required, and reviewed by the governing body. I selected one financial report and (1) scanned the general ledger and determined that all funds were included in the report, and (2) agreed the lesser of 10% or 15 line items from the report to the general ledger.	I noted no exceptions as a result of these procedures.
7. I inquired with the chief administrative officer and the chief financial officer whether there are disbursements to related parties. I also scanned disbursement records for disbursements to related parties and determined who has credit cards or purchasing cards issued by the entity. I selected the lesser of 25 disbursements or 10% of disbursements ensuring that the selection includes disbursements to related parties as well as credit card or purchase card disbursements made by members of the governing body and executive level of management.	I noted no exceptions as a result of these procedures.

Procedures	Result
For each transaction selected, I determined whether the disbursement:	I noted no exceptions as a result of these procedures.
a. Was consistent with the entity's purpose.	I noted no exceptions as a result of these procedures.
b. Agreed to the receipt or invoice supporting the amount and payee.	I noted no exceptions as a result of these procedures.
c. Was authorized consistent with the entity's policies and procedures.	I noted no exceptions as a result of these procedures.
d. Was in compliance with the entity's purchasing policy (bids, quotes, etc.)	I noted no exceptions as a result of these procedures.
e. Was classified and recorded in accordance with the entity's chart of accounts and policies and procedures, GAAP, and State/Federal policies and applicable.	I noted no exceptions as a result of these procedures.
8. For each credit or purchasing card used, I selected one month during the period and determined whether card purchases were reconciled to receipts monthly by someone other than the card holder.	I noted no exceptions as a result of these procedures.
9. Through inquiry with management and scanning receipt records, I determined what restricted revenue is received by the entity and selected the lesser of 10% or 5 disbursements from restricted funds and determined whether the disbursements were in compliance with restrictions placed on the funds.	I noted no exceptions as a result of these procedures.
CASH	
10. For each depository account, I obtained the year-end bank reconciliation and one additional month's bank reconciliation and performed the following:	
a. Traced the bank balance on the reconciliation to the balance per the bank statement.	I noted no exceptions as a result of these procedures.
b. Traced the reconciled book balance to the general ledger and the amount reported on the Financial Survey.	I noted no exceptions as a result of these procedures.
c. Tested the clerical accuracy of the reconciliation.	I noted no exceptions as a result of these procedures.

Procedures	Result
d. For reconciling items greater the 5% of annual revenues, inquired of management and reviewed applicable supporting documentation to determine that the items were consistent with the entity's policies and procedures, GAAP, and State/Federal policies. Traced the lesser of 10% or five reconciling items to a subsequent bank statement.	I noted no exceptions as a result of these procedures.
e. Traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.	I noted no exceptions as a result of these procedures.
11. For each depository bank reconciliation selected above, through inquiry of management and review of the reconciliation, I determined whether the bank reconciliation was performed by someone who does not have access to receipts or disbursements (including direct access to perform withdrawals/transfers in the bank accounts). If the individual did have access to receipts or disbursements I determined whether a separate individual reviewed the completed bank reconciliation.	I noted no exceptions as a result of these procedures.
MEETINGS 12. I reviewed the governing board's meeting minutes for the period applicable to the engagement through the report date of the engagement. For all financial transactions discussed in the minutes exceeding 5% of total revenues, and a selection of the lesser of 10% or 3 less-significant financial transactions discussed, I traced the transactions to the entity's accounting records and determined whether the transactions were recorded and reported in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies, as applicable.	I noted no exceptions as a result of these procedures.
COMPLIANCE	
MEETINGS 13. I selected and obtained the agenda and meeting minutes for two public meetings held during the engagement year and performed the following:	
a. I determined that the entity gave proper notice of the meeting at least 24 hours before each meeting by posting the notice on the Utah Public Notice website.	I noted no exceptions as a result of these procedures.
b. I determined that the agenda was reasonably specific to enable lay persons to understand the topics to be discussed.	I noted no exceptions as a result of these procedures.
c. I determined if the public body took any final actions on a topic in the meeting that was not listed under an agenda item.	I noted no exceptions as a result of these procedures.

Procedures	Result
d. I determined whether the minutes were posted to the Utah Public Notice Website within three days of the meeting minutes being approved. (Exceptions: Charter schools are required only to <u>make the meeting minutes available</u> to the public within 3 days of being approved).	I noted no exceptions as a result of these procedures.
e. If a portion of the meeting was closed to the public, determine that 1) before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken, 2) the reason for closing the meeting was permitted under UCA 52-4-205, and 3) an audio recording of the closed meeting was made, or in the case of meetings closed to discuss Section 52-4-205(1)(a)(i)(f) or (2), the presiding person had executed a sworn statement that the sole purpose of the closed meeting was to discuss those issued.	Not applicable.
BUDGET 14. I determined if a budget was approved before the start of the budget year and the budget presented to the public and governing body contained the required financial information.	I noted no exceptions as a result of these procedures.
15. I determined if the entity provided the required 7-day notice for its original and final budget adoption hearing.	I noted no exceptions as a result of these procedures.
16. I examined the entity's records and financial reports and determine whether the total expenditures stayed within the amounts appropriated in the final adopted budget.	I noted no exceptions as a result of these procedures.
FUND BALANCES 17. <u>Deficit Fund Balances:</u> For any fund that had a deficit fund balance in the year under review, I determined whether the entity included in the subsequent budget year and appropriation to retire the deficit of an amount equal to or greater the 5% of the fund's total actual revenue of the year under review.	Not applicable.
18. <u>General Fund Balance Limitations:</u> I determined whether the entity's unrestricted (committed, assigned, and unassigned) general fund balance did not exceed 35% for cities or 100% for towns of the total revenue of the general fund for the engagement year.	I noted no exceptions as a result of these procedures.

Procedures	Result
TRAINING 19. Through inquiry with officials of the entity and observation of meeting agendas, certificates or other relevant evidence, I determined that the following training has occurred as applicable: a. Annual training on the requirements of the Open and Public Meetings.	I noted no exceptions as a result of these procedures.
b. Annual online training by the entity's designated records officer on the requirements of GRAMA.	I noted no exceptions as a result of these procedures.
GRAMA (GOVERNMENT RECORDS ACCESS MANAGEMENT ACT) 20. If the entity charges fees for GRAMA requests, I verified that the entity has adopted a uniform fee structure.	I noted no exceptions as a result of these procedures.
Fraud Risk Assessment 21. I reviewed the entity Fraud Risk Assessment and verified that it was signed by the appropriate officers and discussed by the governing body as represented in the minutes.	I noted no exceptions as a result of these procedures.
OTHER COMPLIANCE 22. I verified that the mayor of the municipality does not serve as the municipal recorder or treasurer.	I noted no exceptions as a result of these procedures.
23. I verified that the recorder of the municipality does not also serve as the municipal treasurer.	I noted no exceptions as a result of these procedures.
24. I verified that all individuals who hold a municipal elected office do not, at the same time, also hold a county elected office.	I noted no exceptions as a result of these procedures.
25. I ensured that the entity requires and maintains a conflict of interest disclosure for all officials and employees with decision-making or management responsibilities that is updated annually.	I noted no exceptions as a result of these procedures.
26. I ensured that any Personally Identifiable Information (PII) collected by the entity is in compliance with Utah Code 63D-2-103.	I noted no exceptions as a result of these procedures.
PUBLIC TREASURER'S BOND 27. I determined whether the Treasurer was bonded or insured in accordance with Money Management Council Rule R628-4-4.	I noted no exceptions as a result of these procedures.
Government Fees 28. I determined that Government Fees collected by the entity were approved, tracked, and reasonable according to prescribed criteria.	I noted no exceptions as a result of these procedures.

I was not engaged to and did not conduct an examination or review, the objectives of which would be the expression of an opinion or conclusion, respectively on Clarkston Town's Financial Survey, accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of my testing of the Clarkston Town's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements and the results of that testing, and not to provide an opinion or conclusion on the Financial Survey, the accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Office of the Utah State Auditor, Board of Directors, and management of the Clarkston Town and is not intended to be and should not be used by anyone other than these specified parties.

Matthew Regen, CPA, PC
Logan, Utah
February 18, 2025