CITY OF CLINTON, OKLAHOMA
CLINTON, OKLAHOMA

FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS

FOR THE YEAR ENDED
JUNE 30, 2017

THE CITY OF CLINTON, OKLAHOMA
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CITY OF CLINTON, OKLAHOMA
YEAR ENDED JUNE 30, 2017
LIST OF PRINCIPAL OFFICIALS

MAYOR
David Berrong

COUNCIL MEMBERS
Jason Hulin
Don Rodolph
Chuy Rosales
Bobby Stewart

CITY MANAGER
Mark Skiles

CITY CLERK
Lisa Anders

CITY TREASURER
Debra Blanchard

BRITTON, KUYKENDALL, & MILLER
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Clinton, Oklahoma

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, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Clinton, Oklahoma's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 entity'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 entity'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 that 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, Oklahoma, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton, Oklahoma's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2017, on our consideration of City of Clinton, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Clinton, Oklahoma's internal control over financial reporting and compliance.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 15, 2017

Our discussion and analysis of the City of Clinton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $57,826,343 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $56,024,514.
- Total liabilities of the City decreased by $3,822,765 to $45,044,651.
- Total net assets are comprised of the following:
  (1) Invested in capital assets, net of related debt, of $37,791,224 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $9,685,443 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
  (3) Unrestricted net assets of $10,349,676 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of $6,181,192 this year. This compares to the prior year ending fund balance of $6,415,321 showing a decrease of $234,129.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $1,497,710, or 19.04% of total General Fund expenditures including transfers and 19.72% of General Fund revenues including transfers.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position.* This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide financial statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs though user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; cultural, parks and recreation; and public services. Business-type activities include water and wastewater utilities, solid waste management, airports, recreational

activities, health care, and economic development. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund City programs.

The City's financial reporting entity includes the funds of the City (primary government). Most of the legally separate organizations operate like city departments and serve as financing vehicles for the City services (revenue bond issuers), or are governed by a board of trustees wholly compromised of the City's Mayor and Council. These organizations are blended into the primary government for financial reporting purposes. The blended organizations reported as City funds include Clinton Public Works Authority, Clinton Solid Waste Authority, Clinton Airport Authority, Recreation Trust Authority, Clinton Hospital Authority, and Industrial Authority activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with the finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major fund is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinct view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for near-term.

Since the government-wide focus includes long-term view, comparisons between these two perspectives may provide insight into the long-term impact of the short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison statement is included. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same function reported as business-type activities in the government-wide statements. Services are provided to a customer external to the City organization such as the water utilities and the City golf course. Internal service funds provide services and charge fees to customers within the City organization such as equipment services (repair and maintenance of City vehicles). Because the City's internal service fund primarily serves governmental functions, they are included within the governmental activities of the governmental-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government wide financial statements but with more detail for major enterprise funds.

Fiduciary funds such as the meter deposit fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements
The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information
Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year end was $57,826,343. This is a net increase of $1,801,829 over last year's net position of $56,024,514. The following table provides a summary of the City's net assets at June 30:

Summary of Net Position

	Governmental Activities		Business-type Activites		Totals		$ Change	% Change
	2017	2016	2017	2016	2017	2016		
Current and other assets	$ 7,158,765	$ 7,597,171	$ 37,536,665	$ 39,137,614	$ 44,695,430	$ 46,734,785	$ (2,039,355)	-4.6%
Other noncurrent assets	74,053	530,180	7,865,000	10,255,000	7,939,053	10,785,180	$ (2,846,127)	-35.8%
Capital assets	19,829,065	19,866,354	30,243,387	27,621,714	50,072,452	47,488,068	$ 2,584,384	5.2%
Total assets	27,061,883	27,993,705	75,645,052	77,014,328	102,706,935	105,008,033	$ (2,301,098)	-2.2%
Deferred outflows of resources	1,585,594	994,560	-	73,335	1,585,594	1,067,895	517,699	32.7%
Long-term liabilities	2,764,572	2,267,903	39,130,585	40,547,874	41,895,157	42,815,777	$ (920,620)	-2.2%
Other liabilities	1,003,996	1,209,310	2,145,498	4,842,329	3,149,494	6,051,639	$ (2,902,145)	-92.1%
Total liabilities	3,768,568	3,477,213	41,276,083	45,390,203	45,044,651	48,867,416	$ (3,822,765)	-8.5%
Deferred inflows of resources	1,421,535	1,183,998	-	-	1,421,535	1,183,998	237,537	16.7%
Net position:								
Invested in capital assets, net of related debt	19,696,265	19,699,894	18,094,959	16,596,171	37,791,224	36,296,065	$ 1,495,159	4.0%
Restricted	108,423	115,546	9,577,020	9,058,728	9,685,443	9,174,274	$ 511,169	5.3%
Unrestriced	3,652,686	4,511,614	6,696,990	6,042,561	10,349,676	10,554,175	$ (204,499)	-2.0%
Total net position	$ 23,457,374	$ 24,327,054	$ 34,368,969	$ 31,697,460	$ 57,826,343	$ 56,024,514	$ 1,801,829	3.1%

The City reported positive balances in net assets for governmental activities, noting a decrease of $869,680. Business-type activities net assets increased $2,671,50.

On June 14, 2011, City voters approved a special purpose sales tax of .95 cents for the purposes of the Acme Brick Park debt service, police and fire department construction, and economic development. The tax became effective October 1, 2011, and continues through August 31, 2019. In 2015, voters approved extending the termination date to December 31, 2044 with 85% of the amount collected during the 2019-2044 time period going to pay for the Utility System and Sales Tax Revenue Bonds Services 2014. Also in 2015, voters approved an additional .5% sales tax to provide revenues for repayment of the Utility System and Sales Tax Revenue Bonds Services 2014 which were issued for the construction of the Clinton Water Treatment Plant- this additional .5% to become effective July 1, 2015 and shall expire on September 30, 2019.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net position for the year ended June 30:

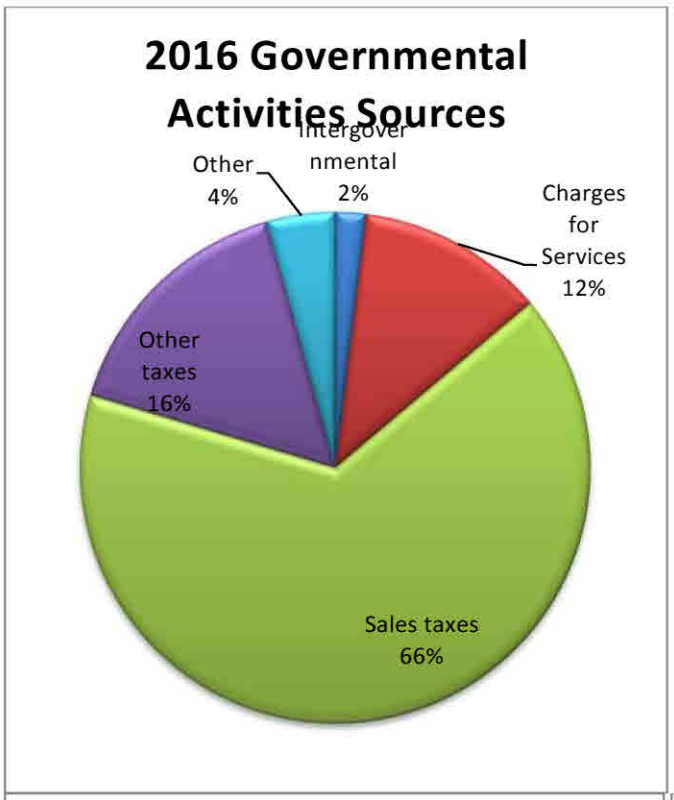
Summary of Changes in Net Position

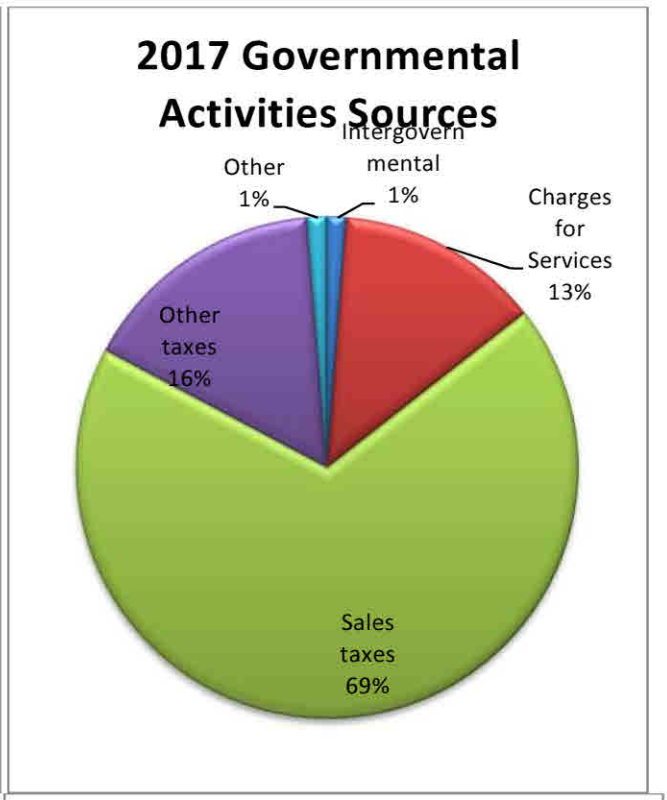
	Governmental Activities		Business-type Activites		Totals		$ Change	% Change
	2017	2016	2017	2016	2017	2016		
Revenues								
Program Revenues								
Charges for services	$ 1,047,724	$ 1,054,865	$ 7,740,189	$ 7,812,636	$ 8,787,913	$ 8,867,501	$ (79,588)	-1%
Operating grants and contributions	90,850	132,993	166,242	183,909	257,092	316,902	(59,810)	-19%
Capital grants and contributions	8,118	40,123	1,285,424	316,765	1,293,542	356,888	936,654	262%
General Revenues								
Sales taxes	5,430,268	5,822,153	-	-	5,430,268	5,822,153	(391,885)	-7%
Use taxes	361,663	377,856	-	-	361,663	377,856	(16,193)	-4%
Hotel/motel taxes	316,327	342,017	-	-	316,327	342,017	(25,690)	-8%
Property tax (TIF)	-	143,571			-	143,571	(143,571)	0%
E-911 taxes	100,103	100,086	-	-	100,103	100,086	17	0%
Franchise taxes (fees)	367,063	333,385	-	-	367,063	333,385	33,678	10%
Cigarette taxes	66,218	69,103	-	-	66,218	69,103	(2,885)	-4%
Other taxes	58,369	55,338	-	-	58,369	55,338	3,031	5%
Oil & gas royalities	19,687	22,325	44,587	22,472	64,274	44,797	19,477	43%
Investment income	41,523	55,607	172,661	159,696	214,184	215,303	(1,119)	-1%
Other	40,491	40,786	138,583	5,044	179,074	45,830	133,244	291%
Pension change	(632,681)	267,464	-	-	(632,681)	267,464	(900,145)	
Penalties	-	-	67,489	63,753	67,489	63,753	3,736	6%
Gain on disposal of assets	-	-	278,519	-	278,519	-	278,519	#DIV/0!
Transfers - internal activity	(1,773,137)	(2,168,752)	1,773,137	2,168,752	-	-	-	0%
Total Revenues	$ 5,542,586	$ 6,688,920	$ 11,666,831	$ 10,733,027	$ 17,209,417	$ 17,421,947	$ (212,530)	-1%
Expenses								
General government	$ 1,127,858	$ 1,170,145	$ -	$ -	$ 1,127,858	$ 1,170,145	$ (42,287)	-4%
Public safety/judiciary	2,698,329	2,883,569	-	-	2,698,329	2,883,569	(185,240)	-6%
Transportation	951,762	858,319	-	-	951,762	858,319	93,443	11%
Cultural,parks, recreation	1,245,323	1,591,840	-	-	1,245,323	1,591,840	(346,517)	-22%
Public services	388,994	421,193	-	-	388,994	421,193	(32,199)	-8%
Water	-	-	4,019,308	3,955,480	4,019,308	3,955,480	63,828	2%
Sewer	-	-	1,281,936	1,342,271	1,281,936	1,342,271	(60,335)	-4%
Sanitation	-	-	1,321,601	1,339,436	1,321,601	1,339,436	(17,835)	-1%
Airport	-	-	441,029	500,586	441,029	500,586	(59,557)	-12%
Golf	-	-	531,235	565,711	531,235	565,711	(34,476)	-6%
Parks & recreation	-	-	4,889	13,502	4,889	13,502	(8,613)	-64%
Healthcare	-	-	423,726	566,568	423,726	566,568	(142,842)	-25%
Education	-	-	481,662	532,179	481,662	532,179	(50,517)	-9%
Economic development	-	337,047	489,936	523,074	489,936	860,121	(370,185)	-43%
Total Expenses	$ 6,412,266	$ 7,262,113	$ 8,995,322	$ 9,338,807	$ 15,407,588	$ 16,600,920	$ (1,193,332)	-7%
Increase (decrease) in net position	$ (869,680)	$ (573,193)	$ 2,671,509	$ 1,394,220	$ 1,801,829	$ 821,027	980,802	119%

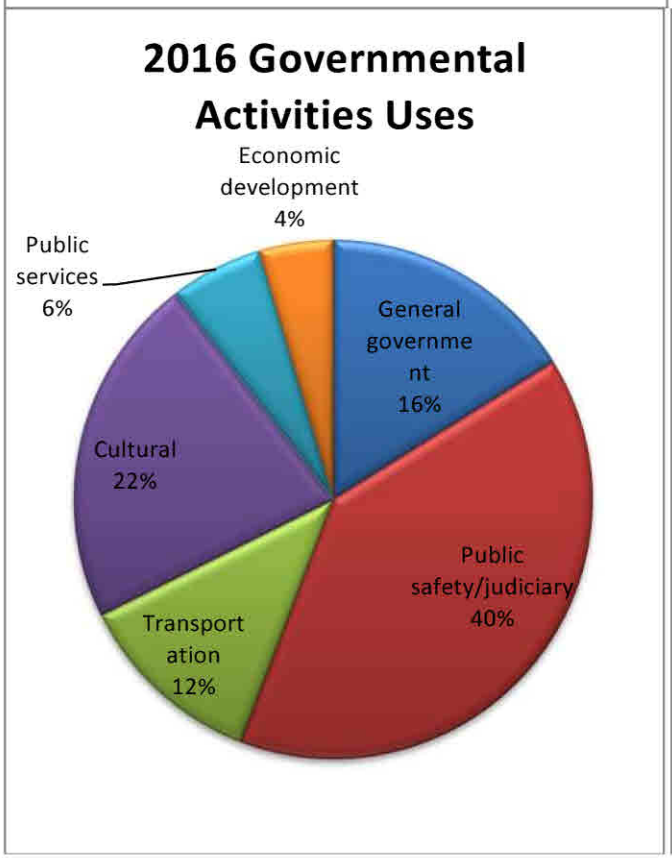
Governmental Activities

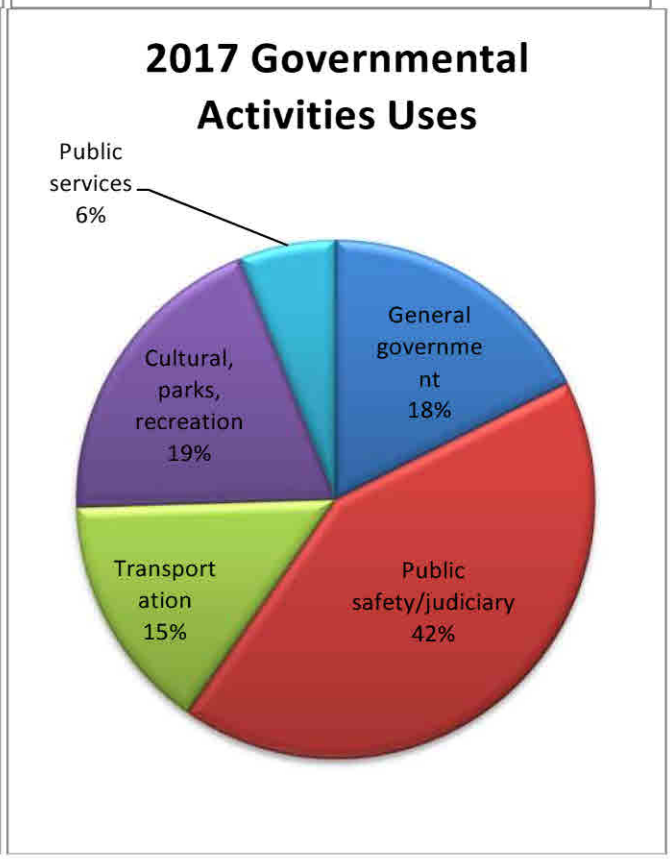
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with the revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much each function draws from the general revenues or if it self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended June 30, 2017, the City's governmental activities were funded as follows:









Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resource focus. This is useful in assessing resources available at the end of the year in comparison with up coming financing requirements. Governmental funds reported ending fund balances of $6,181,192. Of this year end total $1,497,710 is unreserved indicating availability for continuing City service requirements. Restricted fund balances include: $108,423committed to cemetery capital improvements and $1,684,907 for capital projects.

The total ending fund balances of governmental funds showed a decrease of $234,129 from the prior year. This decrease is primarily attributable to the general fund offset by the capital improvement fund and grant fund.

Major Governmental Funds

The General Fund is the City's primary operating fund. The fund balance of the primary operating fund of the City decreased by $272,729 from $1,770,439 to $1,497,710. Key factors contributing to this decrease included a decrease in sales tax.

The Capital Improvement Fund has an ending fund balance of $1,684,907. The fiscal year end included a net increase of $72,506 in the Capital Improvement Fund. The change in Capital Improvement Fund is largely due to transfers in from other funds.

The 4th Cent Sales Tax Fund is the fund that accounts for the City's fourth cent sales tax that is to be used by the City for Acme Brick Park debt service (40% of .95), police and fire department construction (52% of .95), Acme Brick Park operation (5%), and economic development (8% of .95).

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The Public Works Authority (PWA) accounts for activities in providing water and wastewater services to the public. The increase in net position for the PWA Fund was $2,217,060. This increase is attributable to a net income before transfers of $959,013 in addition to net transfers in of $1,258,047.

The Solid Waste Authority accounts for activities in providing solid waste services to the public. The increase in net position for the Solid Waste Authority was $100,396.

The Clinton Airport Authority accounts for providing airport facilities to the public. The decrease in net position for the Airport Authority was $213,629. This net operating loss for the fiscal year was offset by grants and oil and gas royalties received.

The Recreation Trust Authority accounts for the financing, development, and operation of recreational facilities which currently includes only the golf course. The decrease in net position of the Recreation Trust Authority was $69,566.

The Clinton Hospital Authority accounts for the operation and development of the hospital and other medical activities of the City. The increase in net position of the Clinton Hospital Authority was $4,396 after depreciation in the amount of $550,184. The hospital is currently leased to Alliance Health Clinton so the fund activity will mainly consist of the $125,000 annual lease payment from the hospital, interest income on investments, and the depreciation on the assets leased to Alliance Health.

The Industrial Authority accounts for the activities in promoting industrial development within the City of Clinton. The increase in net position for the Industrial Authority was $633,724. The increase is mainly due to an EDA grant and net transfers from other funds of $336,623.

General Fund Budgetary Highlights

The General Fund Budget for fiscal year 2017 was $5,693,887. Total expenditures for the City were $4,955,473, which is $738,414 less than the approved budget. The City was in compliance with all budget laws and regulations

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2017, was $19,829,065 and $30,243,387 respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activites		Totals		$ Change	% Change
	2017	2016	2017	2016	2017	2016		
Non-Depreciable Assets:								
Land	$ 992,391	$ 992,391	$ 2,055,667	$ 2,077,781	$ 3,048,058	$ 3,070,172	$ (22,114)	-1%
Construction in Progress	53,206	10,206	5,122,204	5,933,643	5,175,410	5,943,849	$ (768,439)	-15%
Depreciable Assets:								
Buildings	10,650,785	10,588,763	7,954,332	8,083,993	18,605,117	18,672,756	$ (67,639)	0%
Other improvements	5,909,791	5,743,954	13,044,379	12,904,862	18,954,170	18,648,816	$ 305,354	2%
Machinery, furniture & equipment	6,301,763	6,278,901	13,872,777	13,774,604	20,174,540	20,053,505	$ 121,035	1%
Infrastructure	10,594,904	9,856,706	36,230,203	31,603,696	46,825,107	41,460,402	$ 5,364,705	11%
Less accumulated depreciation	14,673,775	13,604,567	48,036,175	46,756,865	62,709,950	60,361,432	$ 2,348,518	4%
Total	$ 19,829,065	$ 19,866,354	$ 30,243,387	$ 27,621,714	$ 50,072,452	$ 47,488,068	$ 2,584,384	5%

Long-term debt

At year-end, the City had $40,333,710 in debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds	$ -	$ -	$ 38,385,000	$ 42,045,000	$ 38,385,000	$ 42,045,000
Notes payable/capital lease	132,800	166,460	1,815,910	2,606,516	1,948,710	2,772,976
subtotal	132,800	166,460	40,200,910	44,651,516	40,333,710	44,817,976
less current portion	(34,532)	(33,660)	(1,319,018)	(4,352,209)	(1,353,550)	(4,385,869)
Totals	$ 98,268	$ 132,800	$ 38,881,892	$ 40,299,307	$ 38,980,160	$ 40,432,107

The Clinton Public Works Authority issued $12,875,000 of revenue bonds during the 6/30/2012 fiscal year to finance school improvements approved by voters on March 2, 2010 including classroom additions to Nance, Southwest and Washington schools, cafeteria addition at Southwest, CHS band room facility, CHS physical education/practice facility, roofing, parking lots, CMS auditorium remodel and other miscellaneous improvements. The Authority entered into a ground lease with the Clinton Public School District to lease the land upon which the improvements were to be constructed. Lease purchase acquisition payments and rental payments derived from the sublease agreement with the District will be assigned to make the debt service payments on the bonds. Upon

payment in full of the amounts due under the sublease agreement, possession and ownership of the improvements will then belong to the District. The Authority has no obligation for the debt beyond the funds derived under the lease agreement.

The Clinton Public Works Authority issued $29,450,000 of revenue bonds on December 1, 2014 for the purpose of constructing and acquiring improvements to the City's water system. The bonds are secured by utility revenues and pledged sales tax.

THE CITY'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year end June 30, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2017 Actual Budget Basis	FYE 2016 Actual Budget Basis	Increase/ (Decrease) from FYE 2016	Percent Increase/ (Decrease)
Revenues				
Sales taxes	$ 2,467,652	$ 2,625,534	$ (157,882)	-6%
Use taxes	364,323	203,523	160,800	44%
Hotel/motel taxes	319,348	355,686	(36,338)	-11%
E911 taxes	100,102	100,086	16	0%
Franchise taxes	364,612	332,989	31,623	9%
Cigarette taxes	65,392	68,981	(3,589)	-5%
Licenses and permits	55,377	43,973	11,404	21%
Oil and gas royalties	19,687	22,325	(2,638)	-13%
Fines and forfeitures	84,595	136,874	(52,279)	-62%
Investment income	19,047	29,211	(10,164)	-53%
Charges for services	222,577	258,426	(35,849)	-16%
Rental income	24,865	23,235	1,630	7%
Intergovernmental	140,836	162,745	(21,909)	-16%
Intracity fees	641,579	568,923	72,656	11%
Miscellaneous	38,579	42,377	(3,798)	-10%
Total Revenues	$ 4,928,571	$ 4,974,888	$ (46,317)	-1%
Expenditures				
Governing board & admin	$ 643,132	$ 692,727	$ (49,595)	-8%
Finance	401,757	402,875	(1,118)	0%
Legal & courts	126,822	131,748	(4,926)	-4%
Police	1,428,117	1,515,677	(87,560)	-6%
Fire	820,969	882,395	(61,426)	-7%
Inspection/code enforement	70,762	72,913	(2,151)	-3%
Street	412,893	558,669	(145,776)	-35%
Parks & recreation	706,198	1,032,323	(326,125)	-46%
Cemetery	111,460	113,802	(2,342)	-2%
Facilities maintenance	233,363	278,839	(45,476)	-19%
Total Expenditures	$ 4,955,473	$ 5,681,968	$ (726,495)	-15%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the rebound in energy prices, Oklahoma employment has bottomed out and once again has begun to grow. The number of energy drilling rigs in Oklahoma has more than doubled since reaching a low in the summer of 2016. Although further energy price increases are not forecast, the recovery in the energy sector will propel the Oklahoma economy forward the remainder of 2017.

The City must continue to make prudent financial management decisions and continue to progress, reinvest in infrastructure, and continue to plan for the long-term quality of future generations in Clinton. Serving the public trust requires the best possible balance of allocation to meet the varied needs of all citizens. The budget provides a framework for us to accomplish our mission, which is 'to create, enhance, and preserve a human natural and

economic environment which fosters our community's unique quality of life in Clinton." The budget also reflects our core City organization values of integrity, teamwork, service excellence, personal growth, and innovation.

The following are highlights from the 2017-2018 budget:

Reduction in deficit for the 2016-2017 year was achieved via employee layoffs, $6 utility bill surcharge and Capital Improvement fund reallocation. The city staff has been able to provide the same level of services with fewer resources. The 2017-2018 budget projects a 7% decrease in sales tax. Utility costs have been increased by 2.38%. Staffing is projected at current levels. Health insurance was negotiated to only a 5% increase to protect this valuable benefit that is of utmost importance to our employees.

The City will continue to work to increase sales tax generation, streamline operations, modify processes and redefine how we do what we do. This will prove to be critical to continue the current level of City services and to achieve the long term goals and economic vitality of the Clinton community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer's Office at City Hall, Clinton, Oklahoma.

Debra Blanchard
City Treasurer

City of Clinton, Oklahoma
Statement of Net Position
June 30, 2017

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	$ 987,384	$ 1,594,597	$ 2,581,981
Investments	5,554,000	14,389,148	19,943,148
Interest receivable	5,522	143,043	148,565
Accounts receivable (net)	250	717,665	717,915
Internal balances	(604)	604	-
Receivable from other governments	558,554	-	558,554
Prepaid expenses	53,659	69,190	122,849
Total current assets	7,158,765	16,914,247	24,073,012
Restricted assets:			
Cash	-	20,022,418	20,022,418
Investments	-	600,000	600,000
Total restricted assets	-	20,622,418	20,622,418
Noncurrent Assets:			
Pension asset	74,053	-	74,053
Notes receivable	-	7,865,000	7,865,000
Land and construction in progress	1,045,597	7,177,871	8,223,468
Other capital assets (net of accumulated depreciation)	18,783,468	23,065,516	41,848,984
Total noncurrent assets	19,903,118	38,108,387	58,011,505
Total assets	27,061,883	75,645,052	102,706,935
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,585,594	-	1,585,594
	1,585,594	-	1,585,594
LIABILITIES			
Current liabilities:			
Accounts payable	12,857	487,800	500,657
Wages and benefits payable	154,652	37,382	192,034
Accrued interest payable	-	10,906	10,906
Compensated absences, current	169,863	59,131	228,994
Due to other governments	632,092	-	632,092
Notes payable, current	34,532	789,018	823,550
Total current liabilities	1,003,996	1,384,237	2,388,233
Liabilities payable from restricted assets:			
Accrued interest payable	-	231,261	231,261
Bonds payable, current	-	530,000	530,000
Total liabilities payable from restricted assets	-	761,261	761,261
Noncurrent liabilities:			
Pension liability	2,662,757	-	2,662,757
Other accrued liabilities	3,547	-	3,547
Notes payable, non-current	98,268	1,026,892	1,125,160
Bonds payable, non-current	-	37,855,000	37,855,000
Unamortized bond discount/premium	-	248,693	248,693
Bonds payable, net of unamortized discount/premium	-	38,103,693	38,103,693
Total noncurrent liabilities	2,764,572	39,130,585	41,895,157
Total liabilities	3,768,568	41,276,083	45,044,651
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,421,535	-	1,421,535
NET POSITION			
Net investment in capital assets	19,696,265	18,094,959	37,791,224
Restriced for:			
Cemetery care	108,423	-	108,423
Hospital investment	-	8,331,250	8,331,250
Debt obligations	-	1,245,770	1,245,770
Unrestricted	3,652,686	6,696,990	10,349,676
Total net position	$ 23,457,374	$ 34,368,969	$ 57,826,343

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense)/ Revenue
Governmental activities:					
General government:					
Governing board and administration	$ 724,508	$ 474,717	$ -	$ -	$ (249,791)
Finance	403,350	256,632	-	-	(146,718)
Total general government	1,127,858	731,349	-	-	(396,509)
Public safety and judiciary:					
Legal & courts	124,728	-	-	-	(124,728)
Police	1,512,216	87,294	627	4,275	(1,420,020)
Fire	986,625	2,125	5,318	3,843	(975,339)
Inspection/code enforcement	74,760	1,555	-	-	(73,205)
Total public safety and judiciary	2,698,329	90,974	5,945	8,118	(2,593,292)
Transportation:					
Streets	951,762	-	82,595	-	(869,167)
Total transportation	951,762	-	82,595	-	(869,167)
Cultural, parks and recreation:					
Parks & recreation	1,130,650	148,524	1,983	-	(980,143)
Cemetery	114,673	62,700	-	-	(51,973)
Total cultural, parks and recreation	1,245,323	211,224	1,983	-	(1,032,116)
Public services:					
Facilities maintenance	388,994	14,177	327	-	(374,490)
Total public services	388,994	14,177	327	-	(374,490)
Total governmental activities	6,412,266	1,047,724	90,850	8,118	(5,265,574)
Business-type activities:					
Water	4,019,308	4,288,372	-	7,806	276,870
Sewer	1,281,936	1,434,500	-	-	152,564
Sanitation	1,321,601	1,414,433	-	-	92,832
Airport	441,029	136,737	-	45,362	(258,930)
Golf	531,235	235,886	-	-	(295,349)
Parks and recreation	4,889	-	-	-	(4,889)
Healthcare	423,726	125,138	-	-	(298,588)
Education	481,662	4,102	166,242	602,700	291,382
Economic development	489,936	101,021	-	629,556	240,641
Total business-type activities	8,995,322	7,740,189	166,242	1,285,424	196,533
Total	$ 15,407,588	$ 8,787,913	$ 257,092	$ 1,293,542	$ (5,069,041)

(Continued)

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2017

Changes in Net Position: (Continued)

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	$ (5,265,574)	$ 196,533	$ (5,069,041)
General revenues:			
Taxes:			
Sales tax	5,430,268	-	5,430,268
Use tax	361,663	-	361,663
Hotel/Motel tax	316,327	-	316,327
E-911 tax	100,103	-	100,103
Franchise taxes	367,063	-	367,063
Cigarette tax	66,218	-	66,218
Alcoholic beverage tax	58,369	-	58,369
Oil and gas royalties	19,687	44,587	64,274
Investment income	41,523	172,661	214,184
Penalties	-	67,489	67,489
Gain (loss) on disposal of assets	-	278,519	278,519
Pension change	(632,681)	-	(632,681)
Gen utility fee	-	123,560	123,560
Miscellaneous	40,491	15,023	55,514
Transfers-Internal activity	(1,773,137)	1,773,137	-
Total general revenues and transfers	4,395,894	2,474,976	6,870,870
Change in net position	(869,680)	2,671,509	1,801,829
Net position-beginning	24,327,054	31,697,460	56,024,514
Net position-ending	$ 23,457,374	$ 34,368,969	$ 57,826,343

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Balance Sheet
June 30, 2017

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	Drug Seizure Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
ASSETS							
Cash, including time deposits	$ 359,983	$ 322,945	$ 274,428	$ 6,130	$ 8,339	$ 8,951	$ 980,776
Investments	1,752,000	1,256,000	2,396,000	-	100,000	50,000	5,554,000
Interest receivable	1,954	1,164	2,281	-	84	39	5,522
Accounts receivable	250	-	-	-	-	-	250
Due from other funds	-	-	-	-	-	-	-
Receivable from other governments	301,799	104,798	151,957	-	-	-	558,554
Prepaid expenses	52,393	-	-	-	-	1,266	53,659
Total assets	$ 2,468,379	$ 1,684,907	$ 2,824,666	$ 6,130	$ 108,423	$ 60,256	$ 6,984,082
LIABILITIES							
Accounts payable	$ 11,877	$ -	$ -	$ -	$ -	$ 900	$ 12,777
Wages and benefits payable	153,290	-	-	-	-	-	153,290
Compensated absences, current	169,863	-	-	-	-	-	169,863
Due to other funds	-	-	-	-	-	-	-
Due to other governments	632,092	-	-	-	-	-	632,092
Other accrued liabilites	3,547	-	-	-	-	-	3,547
Total liabilities	970,669	-	-	-	-	900	971,569
FUND BALANCES							
Restricted for:							
Cemetery care	-	-	-	-	108,423	-	108,423
Capital projects	-	1,684,907	-	-	-	-	1,684,907
Special revenue funds	-	-	2,824,666	6,130	-	59,356	2,890,152
Unassigned	1,497,710	-	-	-	-	-	1,497,710
Total fund balances	1,497,710	1,684,907	2,824,666	6,130	108,423	59,356	6,181,192
Total liabilities and fund balances	$ 2,468,379	$ 1,684,907	$ 2,824,666	$ 6,130	$ 108,423	$ 60,256	$ 6,984,082

Total fund balance - total governmental funds		6,181,192
Amounts reported for *governmental activities* in the statement of net assets are different because:		
Land and capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.		
Land and construction in process	1,045,597	
Capital assets	33,457,243	
Less: Accumulated depreciation	(14,673,775)	19,829,065
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		(132,800)
Net pension asset		74,053
Pension related deferred outflows		1,585,594
Net pension liability		(2,662,757)
Pension related deferred inflows		(1,421,535)
Internal service funds are used by management to charge the costs of certain activities such as the central garage to the individual funds. Assets and liabilities of the internal service funds are reclassified to the governmental activities in the statement of net assets. Internal activity is reclassified to governmental and business-type activities based on the function of the activities charged.		
Internal service funds net position		7,283
Business-type activities internal liabilities to government fund activities		(2,721)
Net assets of governmental activities		$ 23,457,374

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	DFT Drug Seizure Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
REVENUES							
Sales tax	$ 2,473,459	$ 1,206,522	$ 1,750,287	$ -	$ -	$ -	$ 5,430,268
Use tax	361,663	-	-		-	-	361,663
Hotel/motel tax	316,327	-	-		-	-	316,327
E911 tax	100,103	-	-		-	-	100,103
Franchise taxes	367,063	-	-		-	-	367,063
Cigarette tax	66,218	-	-		-	-	66,218
Licenses and permits	55,377	-	-		-	-	55,377
Oil and gas royalties	19,687	-	-		-	-	19,687
Fines and forfeitures	84,595	-	-		-	-	84,595
Investment income	18,779	6,180	15,304		1,119	141	41,523
Charges for services	222,577	-	-		4,554	-	227,131
Rental income	24,865	-	-		-	14,177	39,042
Intergovernmental	140,964	3,818	-		-	-	144,782
Intracity fees	641,579	-	-		-	-	641,579
Miscellaneous	38,566	14,153	-	-	-	327	53,046
Total revenues	4,931,822	1,230,673	1,765,591	-	5,673	14,645	7,948,404
EXPENDITURES							
Current:							
General government:							
Governing board and administration	642,995	-	1,138	-	-	-	644,133
Finance	401,012	-	-	-	-	-	401,012
Total general government	1,044,007	-	1,138	-	-	-	1,045,145
Pubic safety and judiciary:							
Legal and courts	123,975	-	-	-	-	-	123,975
Police	1,421,633	8,974	-	539	-	-	1,431,146
Fire	810,737	17,237	-	-	-	-	827,974
Inspection/code enforcement	71,599	-	-	-	-	-	71,599
Total public safety and judiciary	2,427,944	26,211	-	539	-	-	2,454,694
Transportation:							
Street	402,336	280,085	-	-	-	-	682,421
Total transportation	402,336	280,085	-	-	-	-	682,421
Cultural, parks and recreation:							
Parks & recreation	663,602	3,685		-			667,287
Cemetery	111,559	-	-	-	59	-	111,618
Total cultural, parks and recreation	775,161	3,685	-	-	59	-	778,905
Public Services:							
Facilities maintenance	234,010	26,895	-	-	-	8,095	269,000
Total public services	234,010	26,895	-	-	-	8,095	269,000
Economic development:	-	-	-	-	-	-	-
Capital outlay	22,490	1,105,883	-	-	12,737	-	1,141,110
Debt service:							
Principle	-	33,660	-	-	-	-	33,660
Interest	-	4,461	-	-	-	-	4,461
Total debt service	-	38,121	-	-	-	-	38,121
Total expenditures	4,905,948	1,480,880	1,138	539	12,796	8,095	6,409,396
Excess (deficiency) of revenues over expenditures	25,874	(250,207)	1,764,453	(539)	(7,123)	6,550	1,539,008
OTHER FINANCING SOURCES (USES)							
Transfers in	2,663,397	1,674,205	1,287,994		-	-	5,625,596
Transfers out	(2,962,000)	(1,351,492)	(3,085,241)		-	-	(7,398,733)
Capital lease proceeds	-	-	-		-	-	-
Total other financing sources and uses	(298,603)	322,713	(1,797,247)	-	-	-	(1,773,137)
Net change in fund balances	(272,729)	72,506	(32,794)	(539)	(7,123)	6,550	(234,129)
Fund balances - beginning	1,770,439	1,612,401	2,857,460	6,669	115,546	52,806	6,415,321
Fund balances - ending	$ 1,497,710	$ 1,684,907	$ 2,824,666	$ 6,130	$ 108,423	$ 59,356	$ 6,181,192

(Continued)

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

(Continued)

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances - total governmental funds		$ (234,129)
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.		
Capital asset purchases capitalized	1,141,110	
Depreciation expense	(1,170,574)	(29,464)
Government-Wide Statement of Activities report the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		(632,681)
In the statement of activities, the loss on the disposal of assests is reported, whereas in the govenmental funds, the proceeds from the sale increase financial resource. The change in net assets differs from the change in fund balance by the cost of the assets disposed, net of related accumulated depreciation		-
Loss on disposal of assets- government wide		
The proceeds of debt issuances provide current finanical resources to govenmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principle is an expendiure in the governmental funds, but the repayment reduces long-term liabilites in the statement of net assets. See Note 3(E) for additional detail.		
Debt activity reported in the fund statements		
Capital lease financing	-	
Debt and capital lease principle	33,660	
Interest on debt	4,461	
Debt activity recognized in the statement of activities		
Interest on long-term debt	(4,461)	33,660
Internal service funds are used by management to charge the costs of internal activities		
Internal service fund changes in net position	(604)	
Business-type activities net activities due to governmental type activities	(6,462)	(7,066)
Change in Net Assets of Governmental Activities		$ (869,680)

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Fund Net Position
June 30, 2017

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
ASSETS								
Current assets:								
Cash, including time deposits	$ 198,745	$ 25,244	$ 80,787	$ 24,026	$ 732,016	$ 533,779	$ 1,594,597	$ 6,608
Investment	3,050,000	900,000	40,000	-	9,571,148	828,000	14,389,148	-
Interest receivable	140,624	767	38	-	322	1,292	143,043	-
Accounts receivable (net)	575,419	128,810	7,505	-	-	5,931	717,665	-
Due from other funds	-	-	-	-	-	10,938	10,938	-
Prepaid expenses	44,719	5,310	4,364	4,583	-	10,214	69,190	-
Total current assets	4,009,507	1,060,131	132,694	28,609	10,303,486	1,390,154	16,924,581	6,608
Restricted assets:								
Cash, including time deposits	20,022,418	-	-	-	-	-	20,022,418	-
Investments	600,000	-	-	-	-	-	600,000	-
Total restricted assets	20,622,418	-	-	-	-	-	20,622,418	-
Noncurrent assets:								
Capital lease receivable	7,865,000	-	-	-	-	-	7,865,000	-
Capital assets (net)	20,385,387	572,719	2,573,894	1,441,618	1,804,965	3,464,804	30,243,387	2,117
Total noncurrent assets	28,250,387	572,719	2,573,894	1,441,618	1,804,965	3,464,804	38,108,387	2,117
Total assets	52,882,312	1,632,850	2,706,588	1,470,227	12,108,451	4,854,958	75,655,386	8,725
LIABILITIES								
Current liabilities:								
Accounts payable	419,601	51,255	14,479	1,782	30	653	487,800	80
Wages and benefits payable	9,283	13,232	-	13,011	-	1,856	37,382	1,362
Due to other funds	10,938	-	-	-	-	-	10,938	-
Accrued interest payable	-	-	-	-	-	10,906	10,906	-
Compensated absences, current	19,031	20,671	-	16,134	-	3,295	59,131	-
Notes payable, current	49,209	-	-	52,028	-	687,781	789,018	-
Total current liabilities	508,062	85,158	14,479	82,955	30	704,491	1,395,175	1,442
Liabilities payable from restricted assets:								
Accrued interest payable	231,261	-	-	-	-	-	231,261	-
Bonds payable, current	530,000	-	-	-	-	-	530,000	-
Total liabilities payable from restricted assets	761,261	-	-	-	-	-	761,261	-
Noncurrent liabilities:								
Other accrued liabilities	-	-	-	-	-	-	-	-
Notes payable, non-current	73,844	-	-	3,805	-	949,243	1,026,892	-
Bonds payable, noncurrent	37,855,000	-	-	-	-	-	37,855,000	-
Unamortized bond discount/premium	248,693	-	-	-	-	-	248,693	-
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	38,103,693	-	-	-	-	-	38,103,693	-
Total noncurrent liabilities	38,177,537	-	-	3,805	-	949,243	39,130,585	-
Total liabilities	39,446,860	85,158	14,479	86,760	30	1,653,734	41,287,021	1,442
NET POSITION								
Net investment in capital assets	9,242,035	572,719	2,573,894	1,385,785	1,804,965	2,515,561	18,094,959	2,117
Restricted for hospital investment	-	-	-	-	8,331,250	-	8,331,250	-
Restricted for debt obligations	1,245,770	-	-	-	-	-	1,245,770	-
Unrestricted	2,947,647	974,973	118,215	(2,318)	1,972,206	685,663	6,696,386	5,166
Total net position	$ 13,435,452	$ 1,547,692	$ 2,692,109	$ 1,383,467	$ 12,108,421	$ 3,201,224	34,368,365	$ 7,283
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds							604	
Net assets of business-type activities							$ 34,368,969	

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
Operating revenues:								
Charges for services:								
Water charges	$ 4,246,083	$ -	$ -	$ -	$ -	$ -	$ 4,246,083	$ -
Sewer charges	1,430,150	-	-	-	-	-	1,430,150	-
Sanitation charges	-	1,404,255	-	-	-	-	1,404,255	-
Penalties	67,489	-	-	-	-	-	67,489	-
Golf fees	-	-	-	234,401	-	-	234,401	-
Parks and recreation	-	-	-	-	-	-	-	-
Swimming fees	-	-	-	-	-	-	-	-
Concessions/merchandise sales	-	-	76,081	-	-	683	76,764	-
Internal service charges	-	-	-	-	-	-	-	30,587
Total charges for services	5,743,722	1,404,255	76,081	234,401	-	683	7,459,142	30,587
Lease and rental income	23,573	-	60,106	-	125,000	70,820	279,499	-
Miscellaneous	332,498	10,178	550	1,485	138	29,518	374,367	38,493
Total operating revenues	6,099,793	1,414,433	136,737	235,886	125,138	101,021	8,113,008	69,080
Operating expenses:								
Cost of goods sold	1,295,469	-	-	-	-	-	1,295,469	-
Personal services	262,799	383,510	-	268,498	-	47,992	962,799	33,953
Materials and supplies	336,848	97,593	60,817	13,512	-	18,452	527,222	33,119
Other services and charges	1,565,776	772,330	190,891	125,338	14,364	280,994	2,949,693	2,120
Bad debt expense	19,803	3,405	-	-	-	-	23,208	-
Depreciation	676,475	64,545	189,316	120,979	409,362	74,440	1,535,117	492
Total operating expenses	4,157,170	1,321,383	441,024	528,327	423,726	421,878	7,293,508	69,684
Net operating income	1,942,623	93,050	(304,287)	(292,441)	(298,588)	(320,857)	819,500	(604)
Nonoperating revenue (expense):								
Investment income	43,126	7,346	709	66	111,714	9,700	172,661	-
Gain (loss) on disposal of fixed assets	2,760	-	-	(100)	238,620	37,239	278,519	-
Acquisition payments- Clinton Public Schools	602,700	-	-	-	-	-	602,700	-
Grants and contributions	7,806	-	45,362	-	-	629,556	682,724	-
Interest expense	(1,547,503)	-	-	(2,908)	-	(58,537)	(1,608,948)	-
Fiscal charges	(19,038)	-	-	-	-	-	(19,038)	-
Amortization	(73,461)	-	-	-	-	-	(73,461)	-
Oil and gas royalties	-	-	44,587	-	-	-	44,587	-
Total nonoperating revenue (expense)	(983,610)	7,346	90,658	(2,942)	350,334	617,958	79,744	-
Net income before contributions and transfers	959,013	100,396	(213,629)	(295,383)	51,746	297,101	899,244	(604)
Transfers from other funds	6,090,653	-	-	225,817	42,150	1,748,677	8,107,297	-
Transfers to other funds	(4,832,606)	-	-	-	(89,500)	(1,412,054)	(6,334,160)	-
Change in net position	2,217,060	100,396	(213,629)	(69,566)	4,396	633,724	2,672,381	(604)
Net position-beginning of year	11,218,392	1,447,296	2,905,738	1,453,033	12,104,025	2,567,500		7,887
					-	-		-
Net position-end of year	$ 13,435,452	$ 1,547,692	$ 2,692,109	$ 1,383,467	$ 12,108,421	$ 3,201,224		$ 7,283
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds							(872)	
Change in net position of business-type activities							$ 2,671,509	

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Cash Flows
For the Year Ended June 30, 2017

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:								
Receipts from customers	$ 5,753,712	$ 1,406,240	$ 133,258	$ 234,401	$ 125,000	$ 67,954	$ 7,720,565	$ -
Cash payments for internal services	-	-	-	-	-	-	-	30,587
Payments to suppliers	(2,854,620)	(874,490)	(235,090)	(138,874)	(14,364)	(299,398)	(4,416,836)	(35,185)
Payments to employees	(265,314)	(388,372)	-	(269,624)	-	(47,864)	(971,174)	(33,876)
Other operating revenues	332,498	10,178	550	1,485	138	29,518	374,367	38,493
Net cash provided (used) by operating activities	2,966,276	153,556	(101,282)	(172,612)	110,774	(249,790)	2,706,922	19
Cash flows from non-capital financing activities:								
Receipts under interfund loan agreements	-	-	-	-	-	4,375	4,375	-
Payments under interfund loan agreements	(4,375)	-	-	-	-	-	(4,375)	-
Transfers from other funds	6,090,653	-	-	225,817	42,150	1,748,677	8,107,297	-
Transfers to other funds	(4,832,606)	-	-	-	(89,500)	(1,412,054)	(6,334,160)	-
Payments received on capital lease	2,390,000	-	-	-	-	-	2,390,000	-
Acquisition payments- Clinton Public Schools	602,700	-	-	-	-	-	602,700	-
Net cash provided (used) by non-capital financing activities	4,246,372	-	-	225,817	(47,350)	340,998	4,765,837	-
Cash flows from capital and related financing activities:								
Purchases of capital assets	(4,211,993)	(11,025)	(26,100)	(25,000)	-	(655)	(4,274,773)	-
Principal paid on capital debt	(3,704,635)	-	-	(22,908)	-	(723,063)	(4,450,606)	-
Proceeds from sale of capital assets	2,760	-	-	-	238,620	155,121	396,501	-
Proceeds received on grants	7,806	-	45,362	-	-	629,556	682,724	-
Interest and fiscal charges paid on capital debt	(1,608,336)	-	-	(2,908)	-	(62,690)	(1,673,934)	-
Net cash provided (used) by capital and related financing activities	(9,514,398)	(11,025)	19,262	(50,816)	238,620	(1,731)	(9,320,088)	-
Cash flows from investing activities:								
Sale (purchase) of investments	(1,217,000)	(137,000)	90,000	-	(329,070)	(190,000)	(1,783,070)	-
Investment income	77,018	7,559	802	66	112,097	9,763	207,305	-
Receipts from oil & gas royalties	-	-	44,587	-	-	-	44,587	-
Net cash provided (used) by investing activities	(1,139,982)	(129,441)	135,389	66	(216,973)	(180,237)	(1,531,178)	-
Net increase (decrease) in cash and cash equivalents	(3,441,732)	13,090	53,369	2,455	85,071	(90,760)	(3,378,507)	19
Cash and cash equivalents, July 1, 2016	23,662,895	12,154	27,418	21,571	646,945	624,539	24,995,522	6,589
Cash & cash equivalents, June 30, 2017	$ 20,221,163	$ 25,244	$ 80,787	$ 24,026	$ 732,016	$ 533,779	$ 21,617,015	$ 6,608
Cash, including time deposits	$ 198,745	$ 25,244	$ 80,787	$ 24,026	$ 732,016	$ 533,779	$ 1,594,597	$ 6,608
Restricted cash, including time deposits	20,022,418	-	-	-	-	-	20,022,418	-
Total cash and cash equivalents, end of year	$ 20,221,163	$ 25,244	$ 80,787	$ 24,026	$ 732,016	$ 533,779	$ 21,617,015	$ 6,608
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	$ 1,942,623	$ 93,050	$ (304,287)	$ (292,441)	$ (298,588)	$ (320,857)	$ 819,500	$ (604)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	676,475	64,545	189,316	120,979	409,362	74,440	1,535,117	492
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(13,583)	1,985	(2,929)	-	-	(3,549)	(18,076)	-
(Increase) decrease in prepaids	(16,207)	1,340	2,261	(118)	-	797	(11,927)	-
Increase (decrease) in accounts payable	379,483	(2,502)	14,357	94	-	(749)	390,683	54
Increase (decrease) in wages & benefits payable	(1,927)	(1,554)	-	1,082	-	(33)	(2,432)	77
Increase (decrease) in compensated absences	(588)	(3,308)	-	(2,208)	-	161	(5,943)	-
Increase (decrease) in other accrued liabilities	-	-	-	-	-	-	-	-
Total adjustments	1,023,653	60,506	203,005	119,829	409,362	71,067	1,887,422	623
Net cash provided (used) by operating activities	$ 2,966,276	$ 153,556	$ (101,282)	$ (172,612)	$ 110,774	$ (249,790)	$ 2,706,922	$ 19
Non-cash investing, capital, and financing activities:								
Net increase (decrease) in fair value of investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total non-cash investing, capital, and financing activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Statement of Fiduciary Net Position
June 30, 2017

	Agency Fund
ASSETS	
Cash, including time deposits	$ 19,331
Investments	285,000
Total assets	$ 304,331
LIABILITIES	
Due to depositors	304,331
Total liabilities	$ 304,331

See accompanying notes to financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Introduction:

The accounting and reporting framework and the more significant accounting principles and practices of the City of Clinton (City) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2017.

(B) Financial Reporting Entity:

The City of Clinton is a Council-Manager charter city in which citizens elect the mayor at large and four council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts pursuant to Title 60 of Oklahoma State Law to finance City services with revenue bonds or other non-general obligation financing, and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

Blended Component Units Reported with Primary Government

Component Unit	Brief Description/Inclusion Criteria	Reporting Fund Type
Clinton Public Works Authority (CPWA)	Created November 15, 1977 to finance, develop and operate the water, sewer and solid waste activities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Solid Waste Authority (CSWA)	Created September 4, 1997 to finance, develop and operate the solid waste activities of the City. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Airport Authority (CAA)	Created March 2, 1971 to originally provide airport hanger facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Recreational Authority (CRA)	Created December 20, 1990 to finance, develop and operate recreational, athletic, sports, amusement, entertainment, cultural and educational services and facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Industrial Authority (CIA)	Created September 20, 1996 to promote industrial development. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Hospital Authority (CHA)	Created May 31, 1972 to finance, develop and operate the hospital and other medical activities of the City. The current City Council serves as entire governing body (Trustees). The hospital was leased to Integris (now Alliance Health) on January 1, 1998. This lease is for a 20-year period. Before the leasing of the hospital, it was an excluded component unit.	Enterprise Fund

(C) Government-wide and Fund Financial Statements:

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility and repair services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through November 15, 2017, which is the date the financial statements were available to be issued.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

All activity between governmental and blended business-type activities are eliminated and any residual balances outstanding between the activities are reported in the government-wide financial statements as internal balances.

(D) Fund Types and Major Funds:

Major Governmental Funds

General Fund
The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Fund
The Capital Projects Fund is used to account for sales tax resources restricted for the acquisition or construction of specific capital projects or items.

Cemetery Care
Accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.

4th Cent Sales Tax
Accounts for the fourth cent of city sales tax which is restricted for Acme Brick Park debt service, Acme Brick Park operation, police and fire department construction, and economic development.

Major Proprietary Funds

Fund	Brief Description
Clinton Public Works Authority	Accounts for the activities of the public trust in providing water and wastewater services to the public.
Clinton Solid Waste Authority	Accounts for the activities of the public trust in providing solid waste services to the public.
Clinton Airport Authority	Accounts for the activities of the public trust in providing airport facilities to the public.
Clinton Recreational Authority	Accounts for the activities of the public trust in providing recreational, cultural, and educational activities and facilities to the public. The Authority presently operates the municipal golf course facility.
Clinton Industrial Authority	Accounts for the activities of the public trust in promoting industrial development within the limits of the City of Clinton.
Clinton Hospital Authority	Accounts for the activities of the public trust in leasing the hospital facility for a 20-year period beginning January 1, 1998.

Internal Service Fund

Accounts for the financing of goods or services provided by on department to other departments within the City on a cost-reimbursement basis. These include fleet services, risk management, and information technology. This proprietary fund is reported primarily with governmental activities in the government-wide financial statements.

Agency Funds

Agency funds account for assets held by the City in a trustee or agency capacity. Expendable trust funds account for financial activity in essentially the same manner as governmental funds. Pension trust funds use the economic resources measurement focus in essentially the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

(E) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

For the purposes of the Statement of Net Assets and Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificate of deposit or short-term investment with an original maturity of three months or less. In addition, revenue bond trust account investments

in open-ended mutual funds are considered "cash and cash equivalents". Cash deposits are reported at carrying amount which reasonably estimates fair value.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Receivables and Uncollectible Accounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending on the fund.

Prepaids

Prepaids are payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Costs incurred during the construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

- Buildings	25-50 years
- Other Improvements	2-50 years
- Machinery, Furniture and Equipment	5-20 years
- Infrastructure	25-50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category. They are a deferred charge on refunding and a deferred charge on net pension obligations for the retirement plans of the City reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and a deferred charge on pension obligations results from the net difference between projected and actual earning on pension plan investments. These deferred charge on refunding is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred charges on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Net Position/Fund Balance

Fund Balance
The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position
Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets:
The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position:
Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position:
This consists of net position that does not meet the criteria of "restricted" or "net investment in capital assets."

Governmental Fund Balances
The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

Nonspendable
Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted
Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed
Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

Assigned
Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned
Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

(F) Revenues, Expenditures and Expenses:

Sales Tax

The City presently levies a four ½ -cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax collected by the State in June (which represent sales for May) and received by the City in July have been accrued and are included under the caption "Due from other governments". The sales tax received is recorded as sales tax revenue within certain funds as follows:

- 2 cents General Fund
- 1 cent Capital Improvement Fund
- 1 cent Special Revenue Fund (through August 31, 2019)
- ½ cent Debt Service (eff 7/1/2015)

In accordance with Revenue Bond indentures, all 4 ½ cents of the sales tax is appropriated and paid to the Public Works Authority, then .95 of the 1 cent is retained for Acme Debt and a set amount is retained for the water improvement debt and the remainder is transferred back to and used by the General Fund and Capital Improvement Fund.

Voters approved an additional .95 cent sales tax to begin October 1, 2011 for 8 years which is committed to various capital projects.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot exceed 35%.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2017, the City's net assessed valuation of taxable property was $46,304,495. The City levied no property taxes this year.

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, parks charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activities grants and contributions include restricted investment income, donations from others, as well as grants from Federal and state agencies.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to all accrued vacation leave and comp time upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary and fiduciary financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) Deficit Fund Net Position/Fund Balance:

Deficits resulting from accrual reporting do not constitute violations of the Oklahoma State Statues. For the year ended June 30, 2017, the City reported no individual fund deficits.

(B) Budgetary Information:

Budget Policy and Practice

The City Manager submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

Budget Basis of Accounting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

For the year ended June 30, 2017, the City complied, in all material respects, with the applicable budget laws. The City did not over-expend appropriations at the legal level of control in any object category.

There was 1 General Fund supplemental appropriation approved by the City Council during fiscal year 2017.

(C) Revenue Restrictions:

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Note 1(F)
Gasoline Excise and Commercial Vehicle Tax	Street and Alley Purposes
Airport Revenue	Airport Operations and Debt Service
E-911 Revenue	E-911 Emergency Services Purposes
Clinton Hospital Authority Lease Trust Funds	Only interest on hospital funds may be spent
Golf Course Revenue	Golf Course Operations and Debt Service
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Lodging Tax	Cost of operating and maintaining a community center
Ad-Valorem Tax	Debt Service on Bonds and Judgments
Incremental tax on sales, hotel/motel & advalorem	Capital improvements in defined area

For the year ended June 30, 2017, the City complied, in all material respects, with these revenue restrictions.

(D) Debt Restrictions and Covenants

Revenue Bond Debt

The various bond indentures relating to the revenue bond issues of the Clinton Public Works Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a revenue bond debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authorities' level of compliance thereon as of June 30, 2014.

	Requirement	Level of Compliance
a.	Flow of Funds – Bond Reserve Account, Construction Account, Gross Revenue Account, and Sinking Fund Reserve.	All required debt service payments were made.
b.	Revenue Bond Coverage - Net operating revenue must equal 1.25 times average annual debt service on the bonds for the Public Works Authority.	For the year ended June 30, 2017, this requirement was met (see computation below).

Revenue Bond Coverage	
Gross revenue available for debt service	
Operating revenues for Public Works Authority	5,743,722
Pledged sales tax	5,416,798
Gross revenue available for debt service	11,160,520
Operating expenses for Public Works Authority	
Excluding depreciation and amortization	(3,480,695)
Net revenues available for debt service	7,679,825
Debt service requirements:	
Average annual debt service- OWRB note	42,258
Average annual debt service- Series 2012 revenue bonds	1,000,000
Average annual debt service- Series 2014 revenue bonds	1,681,495
Total average annual debt service	2,723,753
Computed coverage	2.82
Required coverage	1.25

NOTE 3: DETAIL NOTES ON FUNDS, ACCOUNT GROUPS, AND COMPONENT UNITS

(A) Cash and Investments:

Deposits

The City invests in various investments securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the City's financial position.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

Investments

As of June 30, 2017, the City's reporting entity had the following investments:

Types of Investments	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Days to Maturity (2)
Primary government				
POOLED INVESTMENTS:				
Certificates of deposit	$ 12,370,000	$ 12,370,000	N/A	320
Total pooled investments	12,370,000	12,370,000		
NON-POOLED INVESTMENTS:				
Federal agency notes	2,891,137	2,888,907	Aaa	-
Mortgage backed securities (3)	326,011	319,576	AAA	
Certificates of deposit	4,956,000	4,956,000	N/A	626
Total non-pooled investments	8,173,148	8,164,483		
Total primary government investments	$ 20,543,148	$ 20,534,483		

Reconciliation to Statement of Net Assets

	Governmental Activities	*Business-Type Activities*	*Total*
Unrestricted Investments	5,554,000	14,389,148	19,943,148
Restricted Investments	-	600,000	600,000
Total	5,554,000	14,989,148	20,543,148

Fiduciary funds				
POOLED INVESTMENTS:				
Certificates of deposit	$ 285,000	$ 285,000	N/A	101
Total fiduciary investments	$ 285,000	$ 285,000		
Grand total investments	$ 20,828,148	$ 20,819,483		

(1) Ratings are provided where applicable to indicate associated **Credit Risk.** N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

(3) These include investments highly sensitive to interest rate changes.

Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policy adopted by the City Council on September 2, 2014 and by complying with State Statutes and the City Charter.

(B) Accounts Receivable

Governmental activities report sales and use taxes receivable of $548,191 comprised of amount received after year-end for current year taxes on sales.

	Business-type Activites				
	Public Works	**Solid Waste**	**Airport**	**Industrial Authority**	**Total**
Accounts Receivable	$ 575,419	$ 128,810	$ 7,505	$ 5,931	$ 717,665
Less: allowance for uncollectible accounts	-	-	-	-	-
Net accounts receivable	**$ 575,419**	**$ 128,810**	**$ 7,505**	**$ 5,931**	**$ 717,665**

(C) Restricted Assets:

The amounts reported as restricted assets on the combined balance sheet are comprised of cash and investments held by the trustee banks on behalf of the various public trusts authorities related to their required revenue bond accounts.

The restricted assets as of June 30, 2017 were as follows:

Type of Restricted Assets	Cash and cash equivalents	Investments	Total
Enterprise Funds:			
Public Works Authority			
Revenue Bond Trustee Accounts:			
2010 Bonds	$ 290,432	$ -	$ 290,432
2012 bonds	66,093	$ -	66,093
2014 bonds	19,465,893	-	19,465,893
Grand total enterprise fund	$ 19,822,418	$ -	$ 19,822,418

(D) Capital Assets:

Governmental Activities

A summary of the changes in the governmental activities fixed assets is as follows:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Land	$ 992,391	$ -	$ -	$ 992,391
Buildings	10,588,763	62,022	-	10,650,785
Other improvements	5,743,954	197,787	31,950	5,909,791
Machinery, furniture & equip.	6,278,901	100,103	77,241	6,301,763
Infrastructure	9,856,706	738,198	-	10,594,904
Construction in process	10,206	53,206	10,206	53,206
	33,470,921	1,151,316	119,397	34,502,840
Less accumulated depreciation	13,604,567	1,170,574	101,366	14,673,775
Net property, plant, & equipment	$ 19,866,354			$ 19,829,065

Business-Type Activities

A summary of the changes in the business-type activities fixed assets is as follows:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Land	$ 2,077,781	$ 91,062	$ 113,176	$ 2,055,667
Buildings	8,083,993	23,060	152,721	7,954,332
Other improvements	12,904,862	139,517	-	13,044,379
Machinery, furniture & equip.	13,774,604	206,065	107,892	13,872,777
Infrastructure	31,603,696	4,626,507	-	36,230,203
Construction in progress	5,933,643	4,676,658	5,488,097	5,122,204
	74,378,579	9,762,869	5,861,886	78,279,562
Less accumulated depreciation	46,756,865	1,535,117	255,807	48,036,175
Net property, plant, & equipment	$ 27,621,714			$ 30,243,387

Fixed assets of the Enterprise Funds were comprised of the following at June 30, 2017:

	Public Works Authority	Solid Waste Authority	Airport Authority	Recreation Authority	Industrial Authority	Hospital Authority
Land	$ 164,305	$ 84,601	$ 128,733	$ 302,000	$ 1,331,222	$ 44,806
Buildings	534,005	190,848	514,933	253,752	2,761,932	3,698,862
Other Improvements	1,281,985	-	1,274,223	1,507,764	158,425	8,821,982
Machinery, furniture, & equip.	2,134,061	1,524,981	186,697	515,988	292,609	9,218,441
Infrastructure	33,543,811	-	2,467,319	105,163	113,910	-
Construction in progress	5,096,104	-	26,100	-	-	-
Less accumulated depreciation	22,368,884	1,227,711	2,024,111	1,243,049	1,193,294	19,979,126
Net property, plant, & equipment	$ 20,385,387	$ 572,719	$ 2,573,894	$ 1,441,618	$ 3,464,804	$ 1,804,965

Depreciation

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities		Business-type Activities	
General government:		Water	$383,680
Governing board & administration	$72,579	Sewer	292,795
Finance	2,338	Sanitation	64,545
Public safety & judiciary:		Airport	189,316
Legal and courts	753	Golf	120,979
Police	81,051	Healthcare	409,362
Fire	158,646	Economic development	74,440
Inspection/code enforcement	3,160		$1,535,117
Transportation:			
Street	265,778		
Cultural, parks and recreation:			
Parks & recreation	463,230		
Cemetery	3,045		
Public services:			
Facilities maintenance	119,994		
	$1,170,574		

(E) Long-Term Debt:

The City's long-term is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2017, the long-term debt payable from governmental fund resources consisted of the following:

CAPITAL LEASES PAYABLE:

Capital lease purchase of street sweeper through the Government Capital Corporation dated April 7, 2015 for the lease of property totalling $172,750. Leased equipment attributible to governmental-type activities includes 2015 TYMCO Model 600 BAH street sweeper. Annual payments of $31,157 are required under the lease beginning July 15, 2015. Lease matures May , 2018.	$ 117,662
Capital lease purchase of copier through Canon Financial Services dated May 17, 2016 for the lease of property totalling $16,929. Leased equipment attributable to governmental-type activities includes a Canon C5255 copier. 48 monthly payments of $389.37 are required under the lease beginning June 20, 2016. Lease matures May 20, 2020.	12,668
Capital lease purchase of copier through Canon Financial Services dated September 5, 2016 for the lease of property totalling $6,351. Leased equipment attributable to governmental-type activities includes a Canon copier model IRC33301. 36 monthly payments of $176.56 are required under the lease beginning September 20, 2015. Lease matures August 20, 2018.	2,470
	$ 132,800

Business-Type Activities

As of June 30, 2017, the long-term debt payable from enterprise fund resources consisted of the following:

CAPITAL LEASES PAYABLE:

Capital lease purchase of golf carts through the PNC Equipment Finance dated March 11, 2014 for the lease of property totalling $113,317. Leased equipment attributible to business-type activities includes 30 new golf carts. Monthly payments of $1,980 are required under the lease beginning June, 2014 with a balloon payment of $30,000 due in May, 2018. Lease matures May , 2018.	$ 50,196
Capital lease purchase of 2016 Cushman Hauler 800G Range vehicle through PNC Equipment Finance dated September 3, 2015 for the lease of property totalling $8,209. Monthly payments of $166 are required under the lease beginning October, 2015 with a balloon payment of $1,000 due October, 2019. Lease matures October, 2019.	5,637
	$ 55,833

NOTES PAYABLE

Note Payable with Oklahoma Water Resources Board for water system improvements, issued by the Clinton Public Works Authority, payable in semi-annual installments to be determined at completion of construction on a 20 year amortization with an annual interest rate of 3.161%.	$ 123,053
Note payable for water system improvements from CDBG loan funds issued by the Clinton Industrial Authority, payable in monthly installments of $365 to the Oklahoma Department of Commerce, no interest, to begin February 29, 2000.	10,938
Note Payable for fire station construction and equipment issued by the Clinton Industrial Authority, payable in semi annual payments to the Oklahoma Bank & Trust with an annual interest rate of 2.95%, to begin August 12, 2012.	1,625,721
	$ 1,759,712

REVENUE BONDS PAYABLE:

2012 Series Clinton Public Works Authority Refunding Revenue Bonds original issue amount of $6,000,000, dated November 15, 2012, issued by Clinton Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 1.5% to 3.00%, final maturity on January 1, 2019.	1,070,000
2014 Series Clinton Public Works Authority Utility System and Sales Tax Revenue Bonds original issue amount of $29,450,000, dated December 1, 2014, issued by Clinton Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 2.5% to 4.0%, final maturity on December 1, 2044.	29,450,000
Conduit Debt Obligations:	
2010A Series Clinton Public Works Educational Facilities Lease Revenue Bonds original issue amount of $12,660,000, dated August 1, 2010, secured by pledged lease purchase acquisition payments and rental payments on improved property, interest rates ranging from 2.256% to 5.45%, final maturity September 1, 2020. Refer to conduit debt further described below.	7,865,000
Total revenue bonds payable	38,385,000
Add: unamortized premiums	263,288
Less: unamortized discounts	(14,595)
Net revenue bonds payable	$ 38,633,693

Conduit Debt

The Clinton Public Works Authority issued $12,875,000 of revenue bonds during the 2012 fiscal year to finance school improvements approved by voters on March 2, 2010 including classroom additions to Nance, Southwest and Washington schools, cafeteria addition at Southwest, CHS band room facility, CHS physical education/practice facility, roofing, parking lots, CMS auditorium remodel and other miscellaneous improvements. The Authority entered into a ground lease with the Clinton Public School District to lease the land upon which the improvements were to be constructed. Lease purchase acquisition payments and rental payments derived from the sublease agreement with the District will be assigned to make the debt service payments on the bonds. Upon payment in full of the amounts due under the sublease agreement (September 1, 2020 according to Schedule of Lease Purchase Acquisition Payments for Improvements), possession and ownership of the improvements will then belong to the District. The Authority has no obligation for the debt beyond the funds derived under the lease agreement.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

Type of Debt	Balance at July 1, 2016	Amount Issued	Amount Retired	Balance at June 30, 2017	Due Within One Year
Governmental Fund Debt:					
Capital leases payable	$ 166,460	$ -	$ 33,660	$ 132,800	$ 34,532
Total governmental fund debt	$ 166,460	$ -	$ 33,660	$ 132,800	$ 34,532
Enterprise Fund Debt:					
Capital lease payable	$ 78,741	$ -	$ 22,908	$ 55,833	$ 52,058
Notes payable	2,527,775	-	768,063	1,759,712	687,781
Revenue bonds payable	31,790,000	-	1,270,000	30,520,000	530,000
Conduit debit	10,255,000	-	2,390,000	7,865,000	-
Total enterprise fund debt	$ 44,651,516	$ -	$ 4,450,971	$ 40,200,545	$ 1,269,839

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2017 are as follows:

	Governmental Activities		Business-Type Activities					
Year Ending June 30	Leases Payable		Notes and Leases Payable		Revenue Bonds		Conduit Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 34,532	$ 3,536	$ 739,839	$ 45,498	$ 530,000	$ 1,081,486	$ -	$ 415,930
2019	33,666	2,502	708,901	24,641	820,000	1,070,131	2,825,000	415,930
2020	33,849	1,582	366,805	3,879	710,000	1,047,181	-	274,680
2021	30,753	389	-	-	730,000	1,025,581	5,040,000	274,680
2022	-	-	-	-	755,000	1,003,306	-	-
2023-2027	-	-	-	-	4,185,000	4,579,334	-	-
2028-2032	-	-	-	-	4,875,000	3,887,197	-	-
2033-2037	-	-	-	-	5,855,000	2,866,744	-	-
2037-2041	-	-	-	-	7,120,000	1,584,047	-	-
2042-2046	-	-	-	-	4,940,000	272,781	-	-
Totals	$ 132,800	$ 8,009	$ 1,815,545	$ 74,018	$ 30,520,000	$ 18,417,788	$ 7,865,000	$ 1,381,220

(F) Interfund Transactions and Balances:

Interfund receivables and payables at June 30, 2017 were as follows:

DUE TO AND DUE FROM:	Due From	Due To
ENTERPRISE FUNDS:		
Public Works Authority:		
Industrial Authority	-	$ 10,938
Industrial Authority:		
Public Works Authority	10,938	-
GRAND TOTAL	$ 10,938	$ 10,938

Operating transfers for the year ended June 30, 2017 were as follows:

OPERATING TRANSFERS:	Transfers In	Transfers Out
GENERAL FUND:		
Public Works Authority (an enterprise fund)	$ 2,566,455	$ 2,467,652
Capital Projects Fund	96,942	-
Recreation Authority (an enterprise fund)	-	175,000
Industrial Authority (an enterprise fund)	-	319,348
Total General Fund	2,663,397	2,962,000
SPECIAL REVENUE FUNDS:		
4th Cent Sales Tax :		
Public Works Authority (an enterprise fund)	1,287,994	1,745,412
Industrial Authority (an enterprise fund)	-	1,339,829
Total Special Revenue Fund	1,287,994	3,085,241
CAPITAL PROJECTS FUND:		
General Fund	-	96,942
Public Works Authority	936,007	1,203,733
Clinton Recreation Authority (an enterprise fund)	-	50,817
Industrial Authority (an enterprise fund)	738,198	-
Total Capital Project Funds	1,674,205	1,351,492
ENTERPRISE FUNDS:		
Clinton Public Works Authority:		
General Fund	2,467,652	2,566,455
Capital Projects Fund	1,203,733	936,007
4th Cent Sales Tax Fund (a special revenue fund)	1,745,412	1,287,994
Industrial Authority (an enterprise fund)	673,856	-
Clinton Hospital Authority	-	42,150
Clinton Recreation Authority:		
General Fund	175,000	-
Capital Projects Fund	50,817	-
Clinton Industrial Authority:		
General Fund	319,348	-
Capital Projects Fund	-	738,198
4th Cent Sales Tax Fund (a special revenue fund)	1,339,829	-
Public Works Authority (an enterprise fund)	-	673,856
Clinton Hospital Authority (an enterprise fund)	89,500	-
Clinton Hospital Authority:		
Public Works Authority (an enterprise fund)	42,150	-
Industrial Authority (an enterprise fund)	-	89,500
Total Enterprise Funds	8,107,297	6,334,160

(G) Fund Equity:

Retained Earnings Reserves

The retained earnings of the enterprise funds and internal service funds are reserved for debt retirements and loan disbursements related to the various revenue bond issues. Reserves at June 30, 2017 are as follows:

	Reserved For Debt Service	Reserved Hospital Lease Funds	Total
Enterprise Funds:			
Public Works Authority	$ 1,245,770	$ -	$ 1,245,770
Hospital Authority	-	8,331,250	8,331,250
Total Enterprise Fund	$ 1,245,770	$ 8,331,250	$ 9,577,020

NOTE 4: OTHER NOTES

A. Employee Pension and Other Benefit Plans:

The City participates in four employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Municipal Retirement Fund (OMRF - DBP)	Agent Multiple Employer - Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF-DCP)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Municipal Retirement Fund - Defined Contribution Plans

The City has provided a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 7 years of service. The City is currently contributing to an elective defined contribution plan. Under the Trust Money Purchase Pension plan, the participants may contribute any percentage of their compensation and the city contributes 1.37% of compensation for participating employees. This percentage can vary from year to year. Participants are permitted to make voluntary deductible contributions to the plan.

For the year ended June 30, 2017, the following amounts related to the defined contribution plan:

City total payroll	$3,556,493
Payroll for covered employees	$2,020,410
Employer (City) contributions made	$70,813

CMO Plan Description and Funding Policy – The City has also provided a defined contribution plan and trust known as the City of Clinton City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee contributes 2% to the plan and the employer makes a 3.0% contribution to the fund. Contributions to the plan for the year ended June 30, 2017 were $3,026 on a covered payroll of $102,076.

Oklahoma Municipal Retirement Fund- Defined Benefit Plan

Plan Description
Substantially all of the City's full-time employees, except police and firefighters, participate in a defined benefit pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at www.okmrf.org.

Benefits Provided
OMRF provides retirement, disability, and death benefits. Retirement benefits are determined as 3 percent of the employee's final average compensation multiplied by the employee's years of service; final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service. Vesting requires 7 years of service. Members are eligible for normal retirement at age 65 with 7 years of vested service. The benefit is payable immediately. Early retirement is available after age 55 with 7 years of vested service. Early retirement benefits are paid at the normal retirement age, or reduced 5% per year for commencement prior to the normal retirement age.

Disability retirement is provided for member's total and permanent disability after 7 or more years of service. The accrued benefit is payable upon disablement without reduction for early payment.

In-service death benefits are payable after vesting at 50% of the accrued benefit until the death of the spouse or remarriage. If the member was not vested at the time of in-service death, member contributions are returned, if any, with interest.

Contributions
Required contribution rates are actuarially measured each year and authorized through City Ordinance. Employees are required to contribute 5.25% of paid salary. For the year ended June 30, 2017, the City's contribution was 10.04%. Contributions to the pension plan from the City were $213,029 for the year ended June 30, 2017.

Membership

Membership in the plan is as follows:

	As of January 1, 2016
Inactive employees & beneficiaries receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	12
Active participants	62
Total	**106**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS

At June 30, 2017, the City reported an asset of $74,053 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2016, 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 asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2017, the City recognized pension expense of $239,181. At June 30, 2017, 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
Difference between expected and actual experience	$ -	$ 248,436
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	910,425	367,463
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	213,019	-
Total	$ 1,123,444	$ 615,899

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

Year ended June 30:	
2018	$ 5,409
2019	5,409
2020	189,140
2021	94,568
2022	-
After	-
	$ 294,526

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.07 percent, average
Investment rate of return	7.55 percent, net of pension plan investment expense and inflation

Mortality rates were based on the UP 1994 with projected mortality improvement. Valuation rates are projected for mortality improvement by the Society of Actuaries' table AA based upon the employee's year of birth.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2016 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	3.00%
		Long term expected return	7.75%

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments. The City has adopted a funding method that is designed to fund all benefits payable to participates over the course of the member's working career. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets. The 20 year tax free bond yield of 3.29% was used in the analysis.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 1, 2015	11,011,899	11,542,079	(530,180)
Changes for the year:			
Service cost	360,214	-	360,214
Interest	833,517	-	833,517
Differences between expected and actual experience	(297,969)	-	(297,969)
Contributions - employer	-	238,073	(238,073)
Contributions - employee	-	123,819	(123,819)
Net investment income	-	100,472	(100,472)
Benefit payments, including refunds of employee contributions	(523,446)	(523,446)	-
Administrative expense	-	(22,729)	22,729
Other changes	-	-	-
Net changes	372,316	(83,811)	456,127
Balances at July 1, 2016	$ 11,384,215	$ 11,458,268	$ (74,053)

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 7.75 percent, 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-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability/(asset)	1,560,322	(74,053)	(1,414,666)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report.

A. Defined Benefit Cost-Sharing, Multiple Employer Pension Plans

Plan Description
The City of Clinton, as the employer, participates in two statewide, cost-sharing, multiple-employer defined benefit plans on behalf of police officers and firefighters.

Under Title 36-312.1 of the State of Oklahoma Statutes, 14% and 34% of taxes collected for insurance premium taxes is allocated and distributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighters Pension Retirement System, respectively. This provides ear-marked state taxes to help with the financing burden for the police and fire plans. The expected employer contributions expected to be funded by the State are not considered in the calculations of the net pension asset/liability and related deferred inflows, deferred outflows and pension expense.

Reporting
The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents certain ten-year trend information for as many years for which information measured in conformity with the requirements of GASB 68 is available. Detailed information about the Oklahoma Police and Firefighter Plans' fiduciary net position is available in the separately issued Oklahoma Police Pension report and the Oklahoma Firefighters Pension report. Copies of these reports may be obtained from the respective state retirement systems: Oklahoma Police Pension and Retirement System, 1001 NW 63rd Street, Suite 305, Oklahoma City OK 73116-7335 (or www.ok.gov/OPPRS), and the Oklahoma Firefighters Pension and Retirement System at 4545 N Lincoln Blvd., Suite 265, Oklahoma City, OK 73105 (or www.ok.gov/fprs).

Funding Policies, Contribution Methods, & Benefit Provisions

	Police Pension	Firefighters Pension
Eligibility to participate	All full-time officers employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary firefighters of a participating municipality hired before age 45
Authority establishing contribution obligations & benefit provisions	State Statute	State Statute
Plan members' contribution rate	8% of covered payroll	9% of covered payroll
City's contribution rate	13% of covered payroll	14% of covered payroll
Period required to vest	10 years	10 years
Benefits and eligibility for distribution (full-time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered, if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits	20 years credited service, 2 ½% final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits
Benefits and eligibility for distribution (volunteer)	N/A	20 years credited service equal to $7.53 per month per year of service, with a maximum of 30 years considered
Deferred retirement option	Yes, 20 years credited service with additional option to participate in deferred option plan for a maximum of 5 years	Yes, 20 years credited service with additional option to participate in deferred option plan for a maximum of 5 years

These two plans are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Actuarial Assumptions

	Police Pension	Firefighters Pension
Valuation date	7/1/16	7/1/16
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes

Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level dollar, closed
Amortization period	5 years	30 years
Actuarial asset valuation method	5-year smoothed	An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains losses) for the year ended on the valuation date and assuming a 7.5% interest return. 20% of any (gain) loss is amortized over 5 years. The result is constrained to a value of 80% to 120% of the fair value at the valuation
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5% to 17% average, including inflation	3.5% to 9.0%
Cost of living increases (maximum)	Up to ½ of the increase of any adjustment to the base salary of a regular police officer, based on an increase in base salary	Half of the dollar amount of a 3% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983. No COLA is assumed for members not eligible for this increase
Inflation	3%	3%
Source of mortality assumptions	RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA	RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA
Experience study	Actuarial assumptions were based upon results of an experience study covering the period July 1, 2007 through June 30, 2012	Actuarial assumptions were based upon results of an experience study covering the period July 1, 2007 through June 30, 2012

Trend Information

	Police Pension					Fire Pension				
	Actuarially Determined Contribution	City Proportionate Share	City Contributions	% Contributed	State Contribution	Actuarially Determined Contribution	City Proportionate Share	City Contribution	% Contributed	State Contribution
2017	$45,054,000	$98,128	$38,533,000	39268.10%	$35,915,000	$139,226,000	$265,444	$39,174,000	14757.92%	$92,330,000
2016	$63,908,000	$139,895	$37,261,000	26634.98%	$35,490,000	$142,495,000	$285,120	$38,876,000	13634.96%	$91,236,000
2015	$90,283,000	$218,665	$35,547,000	16256.37%	$31,329,000	$162,103,000	$344,639	$36,104,000	10475.89%	$79,545,000

Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from the respective state retirement systems: Oklahoma Police Pension and Retirement System, 1001 NW 63rd Street, Suite 305, Oklahoma City OK 73116-7335 (or **www.ok.gov/OPPRS**), and the Oklahoma Firefighters Pension and Retirement System at 4545 N Lincoln Blvd., Suite 265, Oklahoma City, OK 73105 (or **www.ok.gov/fprs**).

Net Pension Asset (Liability)

Proportionate Share

Police Pension
The Police Pension's net pension liability was allocated proportionately to the City of Clinton based on the ratio of the City's actual contributions to the Police pension, relative to the total contributions of the Police pension for the fiscal year ended June 30, 2016. The City's portion for 2016 was 0.2178% compared to .2189% for 2015.

Firefighters Pension
The Firefighters Pension's net pension liability was allocated proportionately to the City of Clinton based on the ratio of the City's actual contributions, relative to the total contributions for the fiscal year ended June 30, 2016. The City's portion for 2016 was 0.190657% compared to 0.200091% for 2015.

Net Pension Asset (Liability)

	Police Pension		Firefighters Pension	
	Total	Proportionate Share	Total	Proportionate Share
Total pension liability	(2,354,815,000)	(5,128,787)	(3,477,473,104)	(6,630,046)
Fiduciary net position	2,201,671,000	4,795,313	2,255,758,597	4,300,763
Net pension asset (liability)	(153,144,000)	(333,474)	(1,221,714,507)	(2,329,283)
Plan fiduciary net position as a percentage of the total pension liability	93.5%	93.5%	64.87%	64.87%

	Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)	
	POLICE	FIRE	POLICE	FIRE	POLICE	FIRE
Beginning balance *	4,942,042	6,377,428	4,933,161	4,353,779	8,881	2,023,649
Service cost	127,836	115,964	-	-	127,836	115,964
Interest cost	359,536	472,985	-	-	359,536	472,985
and actual experience	1,299	37,524	-	-	1,299	37,524
Contributions - employer	-	-	83,925	74,687	(83,925)	(74,687)
Contributions - employee	-	-	51,808	176,034	(51,808)	(176,034)
Contributions - State of OK	-	-	78,223	46,772	(78,223)	(46,772)
Net investment income	-	-	(45,965)	27,147	45,965	(27,147)
refunds of employee	(301,926)	(373,855)	(301,926)	(373,855)	-	-
Administrative expense	-	-	(3,913)	(3,801)	3,913	3,801
Other changes	-	-	-	-	-	-
Ending balance	$ 5,128,787	$ 6,630,046	$ 4,795,313	$ 4,300,763	$ 333,474	$ 2,329,283

* Represents the beginning balance based on current year proportionate shares therefore, amounts will not equal amount reported in required supplementary information for the prior year

Rate of Return and Discount Rate

Rate of Return

Police Pension
The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 3.36%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters Pension
The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 5.78%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return and Target Allocations

Police Pension
The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

Firefighters Pension
The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

Police Pension	Long-term Expected Rate of Return
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private equity	5.80%
Commodities	2.96%

Firefighters Pension	Long-term Expected Rate of Return
Fixed income	5.13%
Domestic equity	8.02%
International equity	9.94%
Real estate	7.47%
Other assets	6.25%

	Target Allocation
US Large Cap Equity	15.00%
Long/Short Equity	15.00%
Private Equity	10.00%
US Small/Mid Cap Equity	5.00%
Emerging Markets Equity	5.00%
Int'l Developed Mkts Equity	10.00%
Absolute Return	10.00%
Global Fixed Income	15.00%
Commodities	5.00%
Core Real Estate	5.00%
Opportunistic Real Estate	5.00%

	Target Allocation
Equity	62.00%
Fixed Income	20.00%
Real Estate	18.00%

Discount Rate

Police Pension

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Firefighters Pension

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the Fund's contributions will continue to follow the current funding policy. Total covered employee payroll is assumed to grow at 4% per year. The total statewide insurance premium tax is assumed to grow at 3% per year. In addition, the allocation of the tax to the System is assumed to be 36% for the entire projection period. The Normal Cost Rate for future members is assumed to be 21.52% for all years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all future years and hence, the blended GASB discount rate is equal to the long-term rate of return. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return remained at 7.5% to reflect the expected asset allocation.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate allocation of the total pension liability of the Police Pension and Firefighters Pension would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate and the resulting net pension asset (liability):

	Police Pension		Firefighters Pension	
	Rate	Net Pension Asset(Liability)	Rate	Net Pension Asset(Liability)
1% decrease	6.5%	(878,737)	6.5%	(2,948,682)
Current single discount rate	7.5%	(333,474)	7.5%	(2,329,283)
1% increase	8.5%	124,239	8.5%	(1,809,975)

Other Post-Employment Benefits

For the year ended June 30, 2017, the City provided no post-employment benefits (other than pension) to terminated employees.

(B) Commitments and Contingencies:

Litigation

The City is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Clinton Regional Hospital Lease

On January 1, 1998, the Clinton Hospital Authority leased Clinton Regional Hospital to Baptist Health Care of Oklahoma, Inc. (Integris) for an initial term of twenty (20) years beginning January 1, 1998 to, and including, December 31, 2017. The lease terms called for an initial payment of $6 million by Integris and annual payments of $125,000 beginning January 1, 1999 and $150,000 beginning January 1, 2010. This lease was terminated on March 31, 2012.

On April 1, 2012, the Clinton Hospital Authority leased Clinton Regional Hospital to Clinton HMA, LLC dba Integris Regional Hospital for a term beginning on April 1, 2012 and shall expire on December 31, 2017 with an option to extend the term of the lease for 3 consecutive 5 year terms on the same terms and conditions applicable to the initial term. The lease terms call for annual rent of $125,000.04 payable in equal monthly installments of $10,416.67. The lease grants the tenant the option after the 4th year of the initial term of the lease to purchase the hospital premises for a price equal to the fair market value as determined by an appraiser.

Clinton Public School District Lease

The Clinton Public Works Authority issued $12,875,000 of revenue bonds during the 2011 fiscal year to finance school improvements approved by voters on March 2, 2010. The Authority entered into a ground lease with the Clinton Public School District to lease the land upon which the improvements were to be constructed. Lease purchase acquisition payments and rental payments derived from the sublease agreement with the District will be assigned to make the debt service payments on the bonds. Upon payment in full of the amounts due under the sublease agreement (September 1, 2020 according to Schedule of Lease Purchase Acquisition Payments for Improvements), possession and ownership of the improvements will then belong to the District.

(C) Subsequent Events:

On May 9, 2017, the voters approved reallocation of the 3% upon the gross receipts derived from all sales taxable under the Oklahoma sales tax code: (1) 2/3 of the revenues shall be devoted to the support of the functions of the municipal government of the City, and (2) the other 1/3 shall be allocated as follows: i) the first $300,000 of revenues will be paid into the general fund to support the functions of the municipal government; ii) the next $1,000,000 shall be paid into a fund created for the capital improvements of the City including the making of payments of principal and interest on any indebtedness incurred by the City for capital improvement projects; and iii) any additional amounts shall be paid into the general fund to support the functions of the municipal government.

Also on May 9, 2017, the voters approved the reallocation of tourism tax collected for the maintenance and operation of the Frisco Center since a surplus has accumulated: 1) 85% shall be allocated to the operation and maintenance of the Frisco Center; and 2) 15% shall be allocated to a fund for the purpose of encouraging promotion and fostering tourism, conventions or special events, and promote interest in the facilities for the development of conventions, tourism, and special events within the City to be administered by a committee.

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2017
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	$ 2,664,000	$ -	$ 2,664,000	$ 2,467,652	$ (196,348)
Use taxes	200,000	-	200,000	364,323	164,323
Hotel/motel taxes	340,000	-	340,000	319,348	(20,652)
E911 taxes	100,000	-	100,000	100,102	102
Franchise taxes	328,000	-	328,000	364,612	36,612
Cigarette taxes	64,000	-	64,000	65,392	1,392
Licenses and permits	35,000	-	35,000	55,377	20,377
Oil & gas royalties	20,000	-	20,000	19,687	(313)
Fines and forfeitures	125,000	-	125,000	84,595	(40,405)
Investment income	20,000	-	20,000	19,047	(953)
Charges for services	253,320	-	253,320	222,577	(30,743)
Rental income	19,000	-	19,000	24,865	5,865
Intergovernmental	139,000	-	139,000	140,836	1,836
Intracity fees	641,571	-	641,571	641,579	8
Miscellaneous	11,400	-	11,400	38,579	27,179
Total revenues before carryover	4,960,291	-	4,960,291	4,928,571	(31,720)
Budgeted carryover (1)	1,770,439	-	1,770,439	1,770,439	-
Total revenues and budgeted carryover	6,730,730	-	6,730,730	6,699,010	(31,720)
EXPENDITURES					
Current:					
General government:					
Governing board and administration					
Personal services	416,285	10,000	426,285	409,803	16,482
Materials & supplies	11,600	-	11,600	6,221	5,379
Other services & charges	256,715	-	256,715	227,108	29,607
Finance					
Personal services	319,970	-	319,970	310,737	9,233
Materials & supplies	5,600	-	5,600	5,277	323
Other services & charges	83,570	7,000	90,570	85,743	4,827
Total general government	1,093,740	17,000	1,110,740	1,044,889	65,851
Pubic safety and judiciary:					
Legal and courts					
Personal services	128,225		128,225	123,816	4,409
Materials & supplies	1,300	-	1,300	718	582
Other services & charges	4,866	-	4,866	2,288	2,578
Police					
Personal services	1,475,740	(10,000)	1,465,740	1,354,529	111,211
Materials & supplies	74,350	-	74,350	43,681	30,669
Other services & charges	32,240	3,000	35,240	29,907	5,333
Fire					
Personal services	833,290	(10,000)	823,290	741,027	82,263
Materials & supplies	56,645	2,000	58,645	40,687	17,958
Other services & charges	52,362	-	52,362	39,255	13,107
Inspection/code enforcement					
Personal services	63,905	-	63,905	61,950	1,955
Materials & supplies	2,900	-	2,900	1,585	1,315
Other services & charges	11,680		11,680	7,227	4,453
Total public safety and judiciary	2,737,503	(15,000)	2,722,503	2,446,670	275,833
Transportation:					
Street					
Personal services	268,820	-	268,820	230,685	38,135
Materials & supplies	88,450	-	88,450	64,165	24,285
Other services & charges	148,350		148,350	118,043	30,307
Total transportation	505,620	-	505,620	412,893	92,727
Cultural, parks and recreation:					
Parks and recreation					
Personal services	608,782	(22,000)	586,782	413,942	172,840
Materials & supplies	176,750	-	176,750	129,135	47,615
Other services & charges	182,725	20,000	202,725	163,121	39,604
Cemetery					
Personal services	102,430	-	102,430	96,047	6,383
Materials & supplies	22,900	-	22,900	13,493	9,407
Other services & charges	3,925	-	3,925	1,920	2,005
Total cultural, parks and recreation	1,097,512	(2,000)	1,095,512	817,658	277,854

See accompanying notes to financial statements.

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2017
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Public Services:					
Facilities maintenance					
Personal services	74,462		74,462	71,050	3,412
Materials & supplies	34,900		34,900	30,101	4,799
Other services & charges	150,150		150,150	132,212	17,938
Total public services	259,512	-	259,512	233,363	26,149
Total expenditures	5,693,887	-	5,693,887	4,955,473	738,414
Revenue over (under) expenditures	1,036,843	-	1,036,843	1,743,537	706,694
OTHER FINANCING SOURCES (USES)					
Operating transfers in	2,664,000	-	2,664,000	2,663,397	(603)
Operating transfers out	(3,174,000)		(3,174,000)	(2,962,000)	212,000
Net other financing sources (uses)	(510,000)	-	(510,000)	(298,603)	211,397
Revenues and other financing sources over (under) expenditures and other uses	526,843	-	526,843	1,444,934	918,091
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,553,309	-	1,553,309	1,845,283	291,974
Less budgeted carryover (1)	(1,770,439)	-	(1,770,439)	(1,770,439)	-
Fund balance at end of year (Non-GAAP budgetary basis)	$ 309,713	$ -	$ 309,713	$ 1,519,778	$ 1,210,065
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				3,251	
Expenditure and transfer accruals				(25,319)	
Fund balance at end of year (GAAP basis)				$ 1,497,710	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

See accompanying notes to financial statements.

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABLITY

Oklahoma Police Pension Retirement Plan

	2016*	2017*
City's portion of the net pension liability (asset)	0.2189%	0.2178%
City's proportionate share of the net pension liability (asset)	$ 8,924	$ 333,474
City's covered-employee payroll	$ 618,669	$ 642,169
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.44%	51.93%
Plan fiduciary net position as a percentage of the total pension liability	99.82%	93.50%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Police Pension Retirement Plan

	2016*	2017*
Contractually required contribution	$ 80,427	$ 83,482
Contributions in relation to the contractually required contribution	(80,427)	(83,482)
Contribution deficiency (excess)	$ -	$ -
City's covered-employee payroll	$ 618,669	$ 642,169
Contributions as a percentage of covered-employee payroll	13.00%	13.00%

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABLITY

Oklahoma Fire Pension Retirement Plan

	2016*	2017*
City's portion of the net pension liability (asset)	0.200091%	0.190657%
City's proportionate share of the net pension liability (asset)	$ 2,123,782	$ 2,329,283
City's covered-employee payroll	$ 546,693	$ 533,307
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	388%	437%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	64.87%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Fire Pension Retirement Plan

	2016*	2017*
Contractually required contribution	$ 76,537	$ 74,663
Contributions in relation to the contractually required contribution	(76,537)	(74,663)
Contribution deficiency (excess)	$ -	$ -
City's covered-employee payroll	$ 546,693	$ 533,307
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABLITY AND RELATED RATIOS

Oklahoma Municipal Retirement Fund
SINCE INITIAL APPLICATION

	2016*	2017*
Total pension liability		
Service cost	$ 345,244	$ 360,214
Interest	785,489	833,517
Changes in benefit terms	-	-
Differences between expected and actual experience	(17,699)	(297,969)
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(464,280)	(523,446)
Net change in total pension liability	$ 648,754	$ 372,316
Total pension liability - beginning	10,363,145	11,011,899
Total pension liability - ending (a)	$ 11,011,899	$ 11,384,215
Plan fiduciary net position		
Contributions - employer	260,465	238,073
Contributions - employee	125,312	123,819
Net investment income	315,533	100,472
Benefit payments, including refunds of employee contributions	(464,280)	(523,446)
Administrative expense	(23,471)	(22,729)
Other	-	-
Net change in plan fiduciary net position	213,559	(83,811)
Plan fiduciary net position - beginning	11,328,520	11,542,079
Plan fiduciary net position - ending (b)	$ 11,542,079	$ 11,458,268
City's net pension liability - ending (a) - (b)	$ (530,180)	$ (74,053)
Plan fiduciary net position as a percentage of the total pension liability	104.81%	100.65%
Covered-employee payroll	$ 2,246,744	$ 2,240,881
City's net pension liability as a percentage of covered-employee payroll	-23.60%	-3.30%

BRITTON, KUYKENDALL, & MILLER
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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*

The Honorable Mayor and City Council
City of Clinton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clinton, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Clinton, Oklahoma's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Clinton, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Clinton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

Purpose of this Report

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

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 15, 2017