

**CITY OF CLINTON, OKLAHOMA
CLINTON, OKLAHOMA**

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2023**

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City of Clinton, Oklahoma
Year Ended June 30, 2023
List of Principal Officials

Mayor

David Berrong

Council Members

Ernesto Villanueva

Ernie Dowdell

Patch McComas

Artl Lloyd

City Manager

Robert Johnston

City Clerk

Amy Jones

City Treasurer

Debra Blanchard



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS .

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Clinton, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Oklahoma, as of and for the year ended June 30, 2023, 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.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension liability schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 19, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clinton, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clinton, Oklahoma's internal control over financial reporting and compliance.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 19, 2023

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, 2023. 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 \$76,325,969 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$72,511,120.
- Total liabilities of the City increased by \$484,172 to \$29,985,809.
- Total net assets are comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$40,510,507 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 \$6,334,104 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$29,481,358 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 \$14,807,212 this year. This compares to the prior year ending fund balance of \$13,348,520 showing an increase of \$1,458,692.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,790,173, or 85.54% of total General Fund expenditures including transfers and 74.85% 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 annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent to which the City has met its operating objectives efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. 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, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating, identify financial strengths and weaknesses, and provide an assessment of liquidity. 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 and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. 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 distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, transportation, cultural, parks and recreation, education and economic development. 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 and blended organizations of the City (primary government) and organizations for which the City is accountable (component units). Most of the legally separate organizations operate like city departments and are governed by a Board of Trustees wholly comprised 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, Industrial Authority and Economic Development 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 and to demonstrate fiscal accountability. 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, aggregated presentation. Individual fund data for non-major fund is provided in the form of combining statements in a later section of this report.

Governmental 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 different with fund statements reporting 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. These financial statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the 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 a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds

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: enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to external city customers 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 government-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 and individual component units.

Fiduciary 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 gain 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

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's pension benefits provided to its employees.

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 \$76,325,969. This is a net increase of \$3,814,849 over last year's net position of \$72,511,120. The City's overall financial position improved during fiscal year 2023. The following table provides a summary of the City's net assets at June 30:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
Current and other assets	\$ 15,162,271	\$ 13,825,310	\$ 23,884,905	\$ 26,135,707	\$ 39,047,176	\$ 39,961,017	\$ (913,841)	-2.3%
Other noncurrent assets	816,557	4,171,348	-	-	816,557	4,171,348	\$ (3,354,791)	-410.8%
Capital assets	16,794,661	17,506,288	47,787,464	43,239,537	64,582,125	60,745,825	\$ 3,836,300	5.9%
Total assets	32,773,489	35,502,946	71,672,369	69,375,244	104,445,858	104,878,190	\$ (432,332)	-0.4%
Deferred outflows of resources	5,591,753	1,630,221	-	-	5,591,753	1,630,221	3,961,532	70.8%
Long-term liabilities	2,443,765	1,200,738	25,805,851	26,453,315	28,249,616	27,654,053	\$ 595,563	2.1%
Other liabilities	353,435	592,240	1,382,758	1,255,344	1,736,193	1,847,584	\$ (111,391)	-6.4%
Total liabilities	2,797,200	1,792,978	27,188,609	27,708,659	29,985,809	29,501,637	\$ 484,172	16%
Deferred inflows of resources	3,725,833	4,495,654	-	-	3,725,833	4,495,654	(769,821)	-20.7%
Net position:								
Invested in capital assets, net of related debt	16,794,661	17,389,583	23,715,846	18,520,227	40,510,507	35,909,810	\$ 4,600,697	11.4%
Restricted	162,539	153,664	6,171,565	10,004,521	6,334,104	10,158,185	\$ (3,824,081)	-60.4%
Unrestricted	14,885,009	13,301,288	14,596,349	13,141,837	29,481,358	26,443,125	\$ 3,038,233	10.3%
Total net position	\$ 31,842,209	\$ 30,844,535	\$ 44,483,760	\$ 41,666,585	\$ 76,325,969	\$ 72,511,120	\$ 3,814,849	5.0%

The City reported positive balances in net assets for governmental activities, noting an increase of \$997,674. Business-type activities net assets increased \$2,817,175.

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. In 2019, the allocation of the fourth cent changed to: .05 of 1 cent to Acme Brick Park operations, 85% of .95 of one cent to pay for the Utility System and Sales Tax Revenue Bonds Services 2014 debt service. The ½ cent that was allocated to Public Works Authority debt service expired and voters approved for it to be available for general purpose. The tax became effective October 1, 2011, and continued through August 31, 2019. In 2015, voters approved extending the termination date to December 31, 2044.

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

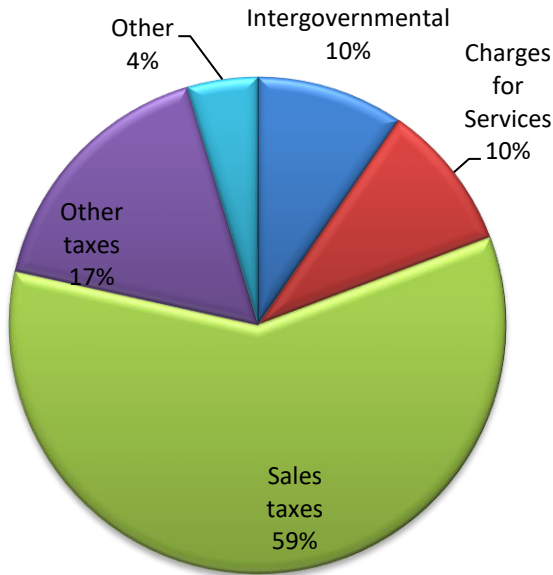
	Governmental Activities		Business-type Activites		Totals		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
Revenues								
Program Revenues								
Charges for services	\$ 1,049,064	\$ 1,092,857	\$ 9,244,381	\$ 9,799,543	\$ 10,293,445	\$ 10,892,400	\$ (598,955)	-5%
Operating grants and contributions	970,597	951,276	447,220	24,251	1,417,817	975,527	442,290	45%
Capital grants and contributions	223,319	232,491	2,683,432	32,000	2,906,751	264,491	2,642,260	999%
General Revenues								
Sales taxes	6,423,148	5,973,624	-	-	6,423,148	5,973,624	449,524	8%
Use taxes	847,049	898,315	-	-	847,049	898,315	(51,266)	-6%
Hotel/motel taxes	305,311	314,164	-	-	305,311	314,164	(8,853)	-3%
E-911 taxes	86,617	100,020	-	-	86,617	100,020	(13,403)	-13%
Franchise taxes (fees)	461,341	400,771	-	-	461,341	400,771	60,570	15%
Cigarette taxes	43,124	48,212	-	-	43,124	48,212	(5,088)	-11%
Other taxes	94,421	96,632	-	-	94,421	96,632	(2,211)	-2%
Oil & gas royalties	35,934	33,173	47,984	45,002	83,918	78,175	5,743	7%
Investment income	234,626	59,581	451,791	(10,178)	686,417	49,403	637,014	1289%
Other	76,554	112,330	326,056	296,387	402,610	408,717	(6,107)	-1%
Pension change	133,904	1,053,774	-	-	133,904	1,053,774	(919,870)	-87%
Penalties	-	-	75,432	80,116	75,432	80,116	(4,684)	-6%
Gain on disposal of assets	(2,804)	-	311,075	12,564	308,271	12,564	295,707	2354%
Transfers - internal activity	(2,833,206)	(1,729,701)	2,833,206	1,729,701	-	-	-	0%
Total Revenues	\$ 8,148,999	\$ 9,637,519	\$ 16,420,577	\$ 12,009,386	\$ 24,569,576	\$ 21,646,905	\$ 2,922,671	12%
Expenses								
General government	\$ 1,108,591	\$ 1,117,854	\$ -	\$ -	\$ 1,108,591	\$ 1,117,854	\$ (9,263)	-1%
Public safety/judiciary	3,539,812	3,366,312	-	-	3,539,812	3,366,312	173,500	5%
Transportation	709,997	588,612	-	-	709,997	588,612	121,385	21%
Cultural,parks, recreation	1,237,923	1,128,177	-	-	1,237,923	1,128,177	109,746	10%
Economic development	45,731	-	-	-	45,731	-	45,731	0%
Public services	509,271	382,644	-	-	509,271	382,644	126,627	33%
Water	-	-	5,482,225	5,036,690	5,482,225	5,036,690	445,535	9%
Sew er	-	-	1,370,771	1,342,240	1,370,771	1,342,240	28,531	2%
Sanitation	-	-	1,676,327	1,573,182	1,676,327	1,573,182	103,145	7%
Airport	-	-	455,867	380,234	455,867	380,234	75,633	20%
Golf	-	-	555,053	487,829	555,053	487,829	67,224	14%
Healthcare	-	-	3,224,037	247,984	3,224,037	247,984	2,976,053	1200%
Education	-	-	-	60,485	-	60,485	(60,485)	-100%
Economic development	-	-	839,122	700,824	839,122	700,824	138,298	20%
Total Expenses	\$ 7,151,325	\$ 6,583,599	\$ 13,603,402	\$ 9,829,468	\$ 20,754,727	\$ 16,413,067	\$ 4,341,660	26%
Change in net position	\$ 997,674	\$ 3,053,920	\$ 2,817,175	\$ 2,179,918	\$ 3,814,849	\$ 5,233,838	(1,418,989)	-27%
Beginning net position	30,844,535	27,137,445	41,666,585	38,530,288	72,511,120	65,667,733	6,843,387	10.42%
Ending net position	\$ 31,842,209	\$ 30,191,365	\$ 44,483,760	\$ 40,710,206	\$ 76,325,969	\$ 70,901,571	5,424,398	7.65%

Governmental Activities

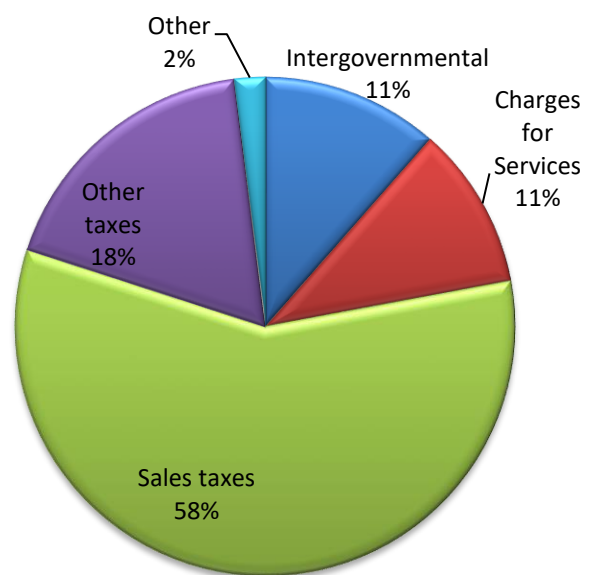
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column 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.

Graphic presentations of the Summary of Changes in Net Position follows to assist in the analysis of the City's activities for fiscal years 2023 and 2022:

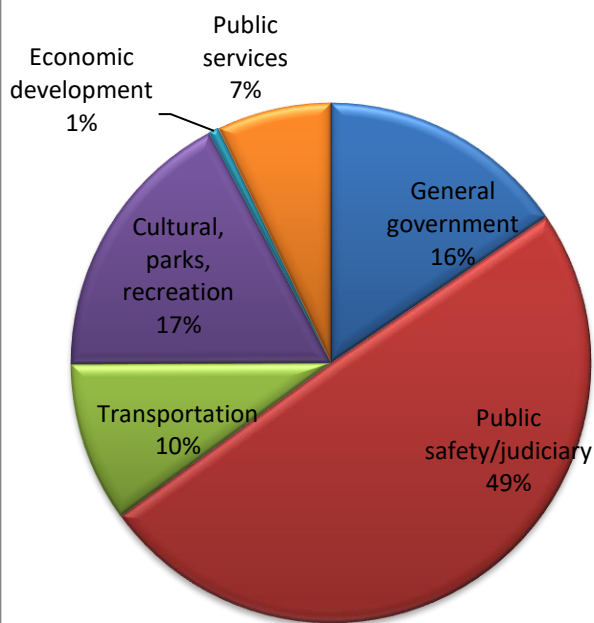
2023 Governmental Activities Sources



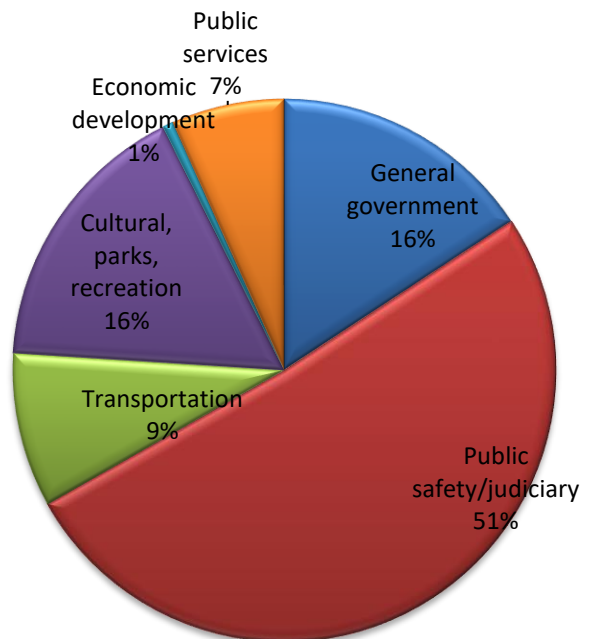
2022 Governmental Activities Sources



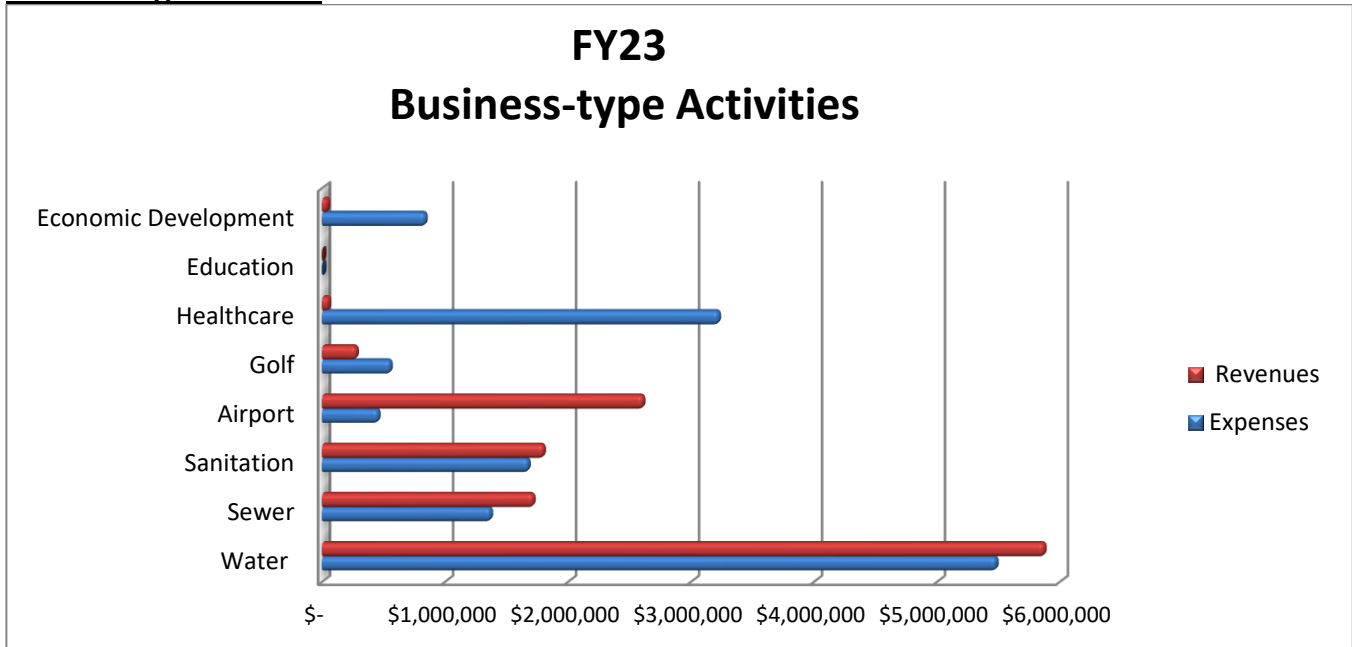
2023 Governmental Activities Uses



2022 Governmental Activities Uses



Business-Type Activities



Business-type activities are shown comparing cost to revenues generated by related services. Sanitation, sewer, and water are intended to be self-supporting with user charges and other revenues designed to recover costs.

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 upcoming financing requirements. Governmental funds reported ending fund balances of \$14,807,212. Of this year end total \$7,790,173 is unreserved indicating availability for continuing City service requirements. Restricted fund balances include: \$162,539 committed to cemetery capital improvements and \$4,241,785 for capital projects.

The total ending fund balances of governmental funds showed an increase of \$1,458,692 from the prior year. This increase is primarily attributable to increased sales tax in general fund and receipt of ARPA funds in the capital improvement 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 increased by \$1,300,967 from \$6,489,206 to \$7,790,173. Key factors contributing to this increase included increases in sales tax, investment income, and miscellaneous revenues.

The Capital Improvement Fund has an ending fund balance of \$4,241,785. The fiscal year end included a net increase of \$1,173,715 in the Capital Improvement Fund. The change in Capital Improvement Fund is largely due to a receipt of ARPA funds in the amount of \$801,070.

The 4th Cent Sales Tax Fund is the fund that accounts for one cent of the City’s 4 ½ cent sales tax (general fund is 2 ½ cents, capital improvement is 1 cent) that is to be used by the City for Water debt service (85% of .95), Acme Brick Park operation (.05), and economic development (15% 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 \$2,260,330.

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 \$140,750.

The Clinton Airport Authority accounts for providing airport facilities to the public. The increase in net position for the Airport Authority was \$2,393,789. This was primarily the result FAA grant revenue.

The Recreation Trust Authority accounts for the financing, development, and operation of recreational facilities which currently includes only the golf course. The increase in net position of the Recreation Trust Authority was \$3,781.

The Clinton Hospital Authority accounts for the operation and development of the hospital and other medical activities of the City. The decrease in net position of the Clinton Hospital Authority was \$3,020,827 after depreciation in the amount of \$175,704. The decrease in net position is due to Alliance Health Clinton not renewing their lease and cancelling the original hospital license resulting in the closure of the hospital while a new license was secured. Funds were used to retain hospital staff for a period of time and updating the facility and equipment.

The Industrial Authority accounts for the activities in promoting industrial development within the City of Clinton. The decrease in net position for the Industrial Authority was \$55,341.

The Economic Development Authority accounts for economic growth and development. There was an increase in net position of \$1,094,693 due to transfers.

General Fund Budgetary Highlights

The General Fund Budget for fiscal year 2023 was \$6,613,261. Total expenditures for the City were \$5,873,877, which is \$739,384 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, 2023, was \$16,794,661 and \$47,787,464 respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
Non-Depreciable Assets:								
Land	\$ 992,391	\$ 992,391	\$ 3,214,116	\$ 2,161,311	\$ 4,206,507	\$ 3,153,702	\$ 1,052,805	25%
Construction in Progress	179,250	237,250	3,022,964	631,801	3,202,214	869,051	\$ 2,333,163	73%
Total non-depreciable assets	1,171,641	1,229,641	6,237,080	2,793,112	7,408,721	4,022,753	3,385,968	
Depreciable Assets:								
Buildings	5,972,918	6,200,422	15,216,356	15,218,283	21,189,274	21,418,705	\$ (229,431)	-1%
Other improvements	2,930,890	3,176,773	2,189,396	2,606,239	5,120,286	5,783,012	\$ (662,726)	-13%
Machinery, furniture & equipment	2,424,955	2,568,217	3,140,421	2,012,597	5,565,376	4,580,814	\$ 984,562	18%
Infrastructure	4,294,257	4,331,235	21,004,211	20,609,306	25,298,468	24,940,541	\$ 357,927	1%
Total depreciable assets	15,623,020	16,276,647	41,550,384	40,446,425	57,173,404	56,723,072	450,332	
Total	\$ 16,794,661	\$ 17,506,288	\$ 47,787,464	\$ 43,239,537	\$ 64,582,125	\$ 60,745,825	\$ 7,222,268	11%

Long-term debt

At year-end, the City had \$26,455,635 in debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenue bonds	\$ -	\$ -	\$ 26,200,000	\$ 26,975,000	\$ 26,200,000	\$ 26,975,000
Notes payable/capital lease	-	116,705	255,635	128,327	255,635	245,032
subtotal	-	116,705	26,455,635	27,103,327	26,455,635	27,220,032
less current portion	-	(116,705)	(855,452)	(865,284)	(855,452)	(981,989)
Totals	\$ -	\$ -	\$ 25,600,183	\$ 26,238,043	\$ 25,600,183	\$ 26,238,043

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, 2023, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2023	FYE 2022	Increase/ (Decrease)	Percent Increase/ (Decrease)
	Actual	Actual	from FYE 2022	
	Budget Basis	Budget Basis		
Revenues				
Sales taxes	\$ 3,595,491	\$ 3,411,574	\$ 183,917	5%
Use taxes	838,914	896,013	(57,099)	-7%
Hotel/motel taxes	290,861	313,298	(22,437)	-8%
E911 taxes	86,617	100,020	(13,403)	-15%
Franchise taxes	454,885	398,708	56,177	12%
Cigarette taxes	43,316	48,404	(5,088)	-12%
Licenses and permits	83,537	64,165	19,372	23%
Oil and gas royalties	35,934	33,173	2,761	8%
Fines and forfeitures	61,485	61,231	254	0%
Investment income	123,187	29,093	94,094	76%
Charges for services	239,301	267,194	(27,893)	-12%
Rental income	15,318	21,362	(6,044)	-39%
Intergovernmental	174,456	235,341	(60,885)	-35%
Intracity fees	643,336	670,895	(27,559)	-4%
Miscellaneous	127,657	76,340	51,317	40%
Total Revenues	\$ 6,814,295	\$ 6,626,811	\$ 187,484	3%
Expenditures				
Governing board & admin	\$ 645,976	\$ 879,492	\$ (233,516)	-36%
Finance	434,445	388,074	46,371	11%
Legal & courts	101,726	134,375	(32,649)	-32%
Police	1,804,489	1,774,512	29,977	2%
Fire	1,211,710	1,066,617	145,093	12%
Inspection/code enforcement	118,759	97,679	21,080	18%
Street	446,602	396,103	50,499	11%
Parks & recreation	636,698	528,846	107,852	17%
Cemetery	110,112	105,209	4,903	4%
Facilities maintenance	363,360	332,297	31,063	9%
Total Expenditures	\$ 5,873,877	\$ 5,703,204	\$ 170,673	3%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The national economy has shown surprising resilience to the Federal Reserve hikes in interest rates. The national forecast no longer forecasts a recession in the near term. Real gross domestic product (GDP) is forecasted from slow to 1.2% in 2024.

The Oklahoma economy continues to recover from the COVID-19 recession, with seasonally-adjusted employment now about 1.5% above the pre-pandemic peak that was reached in 2019. The current unemployment rate lies below the pre-pandemic level while the labor force pre-participation rate exceeds the pre-pandemic level. The slowing of the national economy and a forecast of relatively stable energy prices should cause growth to slow in Oklahoma.

The following are highlights from the 2023-2024 budget:

The 2022-2023 budget was prepared to provide a financial plan that identifies as closely as possible most revenues and expenses while providing flexibility to address circumstances that could change.

This budget finalizes the City's multi-year goal to accumulate the \$6.6 million in local cash match which will be paid in 2024 to the Oklahoma Department of Transportation for the Gary Boulevard Extension to Chapman Road in conjunction with the reconfigured Exits 65/65A off of Interstate 40. To achieve the required cash match, available cash, cost-cutting measures and the appropriation of fund balances were utilized. The City continues to pursue grant funding to assist in this effort. This was done keeping in mind the ongoing need to provide funding for needed and desired City services and capital improvements.

Other than the annual Consumer Price Index (CPI) based adjustments (5.0%) to utility fees, no other revenue increases were included in this budget. 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, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 751,077	\$ 2,840,182	\$ 3,591,259
Investments	13,553,761	17,164,200	30,717,961
Interest receivable	12,070	11,837	23,907
Accounts receivable (net)	41,199	897,260	938,459
Internal balances	-	2,633	2,633
Receivable from other governments	744,322	-	744,322
Grant receivable	7,595	17,623	25,218
Prepaid expenses	52,247	136,645	188,892
Total current assets	<u>15,162,271</u>	<u>21,070,380</u>	<u>36,232,651</u>
Restricted assets:			
Cash	-	1,539,525	1,539,525
Investments	-	1,275,000	1,275,000
Total restricted assets	<u>-</u>	<u>2,814,525</u>	<u>2,814,525</u>
Noncurrent Assets:			
Pension asset	816,557	-	816,557
Land and construction in progress	1,171,641	6,237,080	7,408,721
Other capital assets (net of accumulated depreciation)	15,623,020	41,550,384	57,173,404
Total noncurrent assets	<u>17,611,218</u>	<u>47,787,464</u>	<u>65,398,682</u>
Total assets	<u>32,773,489</u>	<u>71,672,369</u>	<u>104,445,858</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	5,591,753	-	5,591,753
	<u>5,591,753</u>	<u>-</u>	<u>5,591,753</u>
LIABILITIES			
Current liabilities:			
Accounts payable	66,502	365,645	432,147
Wages and benefits payable	112,439	29,859	142,298
Compensated absences, current	174,494	52,817	227,311
Notes payable, current	-	50,452	50,452
Total current liabilities	<u>353,435</u>	<u>498,773</u>	<u>852,208</u>
Liabilities payable from restricted assets:			
Accrued interest payable	-	78,985	78,985
Bonds payable, current	-	805,000	805,000
Total liabilities payable from restricted assets	<u>-</u>	<u>883,985</u>	<u>883,985</u>
Noncurrent liabilities:			
Pension liability	2,442,141	-	2,442,141
Other accrued liabilities	1,624	-	1,624
Notes payable, non-current	-	205,183	205,183
Bonds payable, non-current	-	25,395,000	25,395,000
Unamortized bond premium	-	205,668	205,668
Bonds payable, net of unamortized premium	-	25,600,668	25,600,668
Total noncurrent liabilities	<u>2,443,765</u>	<u>25,805,851</u>	<u>28,249,616</u>
Total liabilities	<u>2,797,200</u>	<u>27,188,609</u>	<u>29,985,809</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligations	3,725,833	-	3,725,833
NET POSITION			
Net investment in capital assets	16,794,661	23,715,846	40,510,507
Restricted for:			
Cemetery care	162,539	-	162,539
Hospital investment	-	4,330,723	4,330,723
Debt obligations	-	1,840,842	1,840,842
Unrestricted	14,885,009	14,596,349	29,481,358
Total net position	<u>\$ 31,842,209</u>	<u>\$ 44,483,760</u>	<u>\$ 76,325,969</u>

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
Governing board and administration	\$ 678,183	\$ 494,523	\$ 804,915	\$ -	\$ 621,255
Finance	430,408	257,334	-	-	(173,074)
Total general government	<u>1,108,591</u>	<u>751,857</u>	<u>804,915</u>	<u>-</u>	<u>448,181</u>
Public safety and judiciary:					
Legal & courts	85,863	-	-	-	(85,863)
Police	1,900,995	105,132	4,753	7,595	(1,783,515)
Fire	1,431,922	-	61,351	20,181	(1,350,390)
Inspection/code enforcement	121,032	75	-	-	(120,957)
Total public safety and judiciary	<u>3,539,812</u>	<u>105,207</u>	<u>66,104</u>	<u>27,776</u>	<u>(3,340,725)</u>
Transportation:					
Streets	709,997	-	99,578	135,543	(474,876)
Total transportation	<u>709,997</u>	<u>-</u>	<u>99,578</u>	<u>135,543</u>	<u>(474,876)</u>
Cultural, parks and recreation:					
Parks & recreation	1,123,650	129,235	-	60,000	(934,415)
Cemetery	114,273	62,765	-	-	(51,508)
Total cultural, parks and recreation	<u>1,237,923</u>	<u>192,000</u>	<u>-</u>	<u>60,000</u>	<u>(985,923)</u>
Economic Development:					
Public services:					
Facilities maintenance	509,271	-	-	-	(509,271)
Total public services	<u>509,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509,271)</u>
Total governmental activities	<u>7,151,325</u>	<u>1,049,064</u>	<u>970,597</u>	<u>223,319</u>	<u>(4,908,345)</u>
Business-type activities:					
Water	5,482,225	5,320,759	444,095	107,626	390,255
Sewer	1,370,771	1,609,520	-	106,749	345,498
Sanitation	1,676,327	1,797,323	3,125	-	124,121
Airport	455,867	140,854	-	2,469,057	2,154,044
Golf	555,053	279,361	-	-	(275,692)
Healthcare	3,224,037	53,256	-	-	(3,170,781)
Economic development	839,122	43,308	-	-	(795,814)
Total business-type activities	<u>13,603,402</u>	<u>9,244,381</u>	<u>447,220</u>	<u>2,683,432</u>	<u>(1,228,369)</u>
Total	<u>\$ 20,754,727</u>	<u>\$ 10,293,445</u>	<u>\$ 1,417,817</u>	<u>\$ 2,906,751</u>	<u>\$ (6,136,714)</u>

(Continued)

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2022

Changes in Net Position:	(Continued)		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (4,908,345)	\$ (1,228,369)	\$ (6,136,714)
General revenues:			
Taxes:			
Sales tax	6,423,148	-	6,423,148
Use tax	847,049	-	847,049
Hotel/Motel tax	305,311	-	305,311
E-911 tax	86,617	-	86,617
Franchise taxes	461,341	-	461,341
Cigarette tax	43,124	-	43,124
Alcoholic beverage tax	94,421	-	94,421
Oil and gas royalties	35,934	47,984	83,918
Investment income	234,626	451,791	686,417
Penalties	-	75,432	75,432
Gain (loss) on disposal of assets	(2,804)	311,075	308,271
Pension change	133,904	-	133,904
Gen utility fee	-	290,620	290,620
Miscellaneous	76,554	35,436	111,990
Transfers-Internal activity	(2,833,206)	2,833,206	-
Total general revenues and transfers	5,906,019	4,045,544	9,951,563
Change in net position	997,674	2,817,175	3,814,849
Net position-beginning	30,844,535	41,666,585	72,511,120
Net position-ending	\$ 31,842,209	\$ 44,483,760	\$ 76,325,969

**City of Clinton, Oklahoma
Balance Sheet
June 30, 2023**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>4th Cent Sales Tax Fund</u>	<u>Drug Seizure Fund</u>	<u>Cemetery Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash, including time deposits	\$ 318,101	\$ 287,081	\$ 126,572	\$ 8,452	\$ 10,871	\$ 751,077
Investments	7,236,533	3,812,147	2,353,524	-	151,557	13,553,761
Interest receivable	7,191	2,659	2,109	-	111	12,070
Accounts receivable	41,199	-	-	-	-	41,199
Due from other funds	-	-	-	-	-	-
Grant receivable	-	7,595	-	-	-	7,595
Receivable from other governments	486,332	132,303	125,687	-	-	744,322
Prepaid expenses	52,247	-	-	-	-	52,247
Total assets	<u>\$ 8,141,603</u>	<u>\$ 4,241,785</u>	<u>\$ 2,607,892</u>	<u>\$ 8,452</u>	<u>\$ 162,539</u>	<u>\$ 15,162,271</u>
LIABILITIES						
Accounts payable	\$ 62,873	\$ -	\$ 3,629	\$ -	\$ -	\$ 66,502
Wages and benefits payable	112,439	-	-	-	-	112,439
Compensated absences, current	174,494	-	-	-	-	174,494
Other accrued liabilities	1,624	-	-	-	-	1,624
Total liabilities	<u>351,430</u>	<u>-</u>	<u>3,629</u>	<u>-</u>	<u>-</u>	<u>355,059</u>
FUND BALANCES						
Restricted for:						
Cemetery care	-	-	-	-	162,539	162,539
Capital projects	-	4,241,785	-	-	-	4,241,785
Special revenue funds	-	-	2,604,263	8,452	-	2,612,715
Unassigned	7,790,173	-	-	-	-	7,790,173
Total fund balances	<u>7,790,173</u>	<u>4,241,785</u>	<u>2,604,263</u>	<u>8,452</u>	<u>162,539</u>	<u>14,807,212</u>
Total liabilities and fund balances	<u>\$ 8,141,603</u>	<u>\$ 4,241,785</u>	<u>\$ 2,607,892</u>	<u>\$ 8,452</u>	<u>\$ 162,539</u>	<u>\$ 15,162,271</u>
Total fund balance - total governmental funds						14,807,212
Amounts reported for <i>governmental activities</i> 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					1,171,641	
Capital assets					35,837,810	
Less: Accumulated depreciation					<u>(20,214,790)</u>	16,794,661
Long-term liabilities are not due and payable in the current period and are not reported in the funds.						
Net pension asset						816,557
Pension related deferred outflows						5,591,753
Net pension liability						(2,442,141)
Pension related deferred inflows						(3,725,833)
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						-
Business-type activities internal liabilities to government fund activities						-
Net assets of governmental activities						<u>\$ 31,842,209</u>

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	DFT Drug Seizure Fund	Cemetery Fund	Total Governmental Funds
REVENUES						
Sales tax	\$ 3,639,784	\$ 1,427,366	\$ 1,355,998	\$ -	\$ -	\$ 6,423,148
Use tax	847,049	-	-	-	-	847,049
Hotel/motel tax	305,311	-	-	-	-	305,311
E911 tax	86,617	-	-	-	-	86,617
Franchise taxes	461,341	-	-	-	-	461,341
Cigarette tax	43,124	-	-	-	-	43,124
Licenses and permits	83,537	-	-	-	-	83,537
Oil and gas royalties	35,934	-	-	-	-	35,934
Fines and forfeitures	61,485	-	-	-	-	61,485
Investment income	123,187	66,783	41,850	-	2,806	234,626
Charges for services	239,301	-	-	-	6,087	245,388
Rental income	15,318	-	-	-	-	15,318
Intergovernmental	174,244	867,317	-	-	-	1,041,561
Intracity fees	643,336	-	-	-	-	643,336
Miscellaneous	127,657	55,377	135,543	4,753	-	323,330
Total revenues	<u>6,887,225</u>	<u>2,416,843</u>	<u>1,533,391</u>	<u>4,753</u>	<u>8,893</u>	<u>10,851,105</u>
EXPENDITURES						
Current:						
General government:						
Governing board and administration	653,497	19,371	238	-	-	673,106
Finance	425,201	-	-	-	-	425,201
Total general government	<u>1,078,698</u>	<u>19,371</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>1,098,307</u>
Public safety and judiciary:						
Legal and courts	85,243	-	-	-	-	85,243
Police	1,764,842	14,744	-	-	-	1,779,586
Fire	1,185,725	23,870	-	-	-	1,209,595
Inspection/code enforcement	117,961	-	-	-	-	117,961
Total public safety and judiciary	<u>3,153,771</u>	<u>38,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,192,385</u>
Transportation:						
Street	441,641	-	-	-	-	441,641
Total transportation	<u>441,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,641</u>
Cultural, parks and recreation:						
Parks & recreation	624,650	24,398	-	-	-	649,048
Cemetery	103,552	-	-	-	18	103,570
Total cultural, parks and recreation	<u>728,202</u>	<u>24,398</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>752,618</u>
Public Services:						
Facilities maintenance	364,885	30,094	-	-	-	394,979
Total public services	<u>364,885</u>	<u>30,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,979</u>
Economic development:						
Capital outlay	6,307	362,461	143,943	-	-	512,711
Debt service:						
Principal	-	116,705	-	-	-	116,705
Interest	-	4,130	-	-	-	4,130
Total debt service	<u>-</u>	<u>120,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,835</u>
Total expenditures	<u>5,773,504</u>	<u>595,773</u>	<u>189,912</u>	<u>-</u>	<u>18</u>	<u>6,559,207</u>
Excess (deficiency) of revenues over expenditures	1,113,721	1,821,070	1,343,479	4,753	8,875	4,291,898
OTHER FINANCING SOURCES (USES)						
Transfers in	3,520,663	1,035,000	-	-	-	4,555,663
Transfers out	(3,333,417)	(1,682,355)	(2,373,097)	-	-	(7,388,869)
Total other financing sources and uses	<u>187,246</u>	<u>(647,355)</u>	<u>(2,373,097)</u>	<u>-</u>	<u>-</u>	<u>(2,833,206)</u>
Net change in fund balances	1,300,967	1,173,715	(1,029,618)	4,753	8,875	1,458,692
Fund balances - beginning	6,489,206	3,068,070	3,633,881	3,699	153,664	13,348,520
Fund balances - ending	<u>\$ 7,790,173</u>	<u>\$ 4,241,785</u>	<u>\$ 2,604,263</u>	<u>\$ 8,452</u>	<u>\$ 162,539</u>	<u>\$ 14,807,212</u>

(Continued)

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

(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 \$ 1,458,692

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	512,711	
Depreciation expense	<u>(1,221,534)</u>	(708,823)

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.

133,904

In the statement of activities, the loss on the disposal of assets is reported, whereas in the
governmental 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		(2,804)
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The proceeds of debt issuances provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net assets. Repayment
of debt principle is an expenditure in the governmental funds, but the repayment reduces
long-term liabilities 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 principal	116,705	
Debt activity recognized in the statement of activities		
Interest on long-term debt	-	116,705

Internal service funds are used by management to charge the costs of internal activities

Internal service fund changes in net position	-	
Business-type activities net activities due to governmental type activities	<u>-</u>	<u>-</u>

		<u><u>\$ 997,674</u></u>
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City of Clinton, Oklahoma
Statement of Fund Net Position
June 30, 2023

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
ASSETS								
Current assets:								
Cash, including time deposits	\$ 674,958	\$ 416,488	\$ 361,953	\$ 90,285	\$ 1,292,814	\$ (25,224)	\$ 28,908	\$ 2,840,182
Investment	8,833,945	743,850	198,229	-	6,307,879	1,080,297	-	17,164,200
Interest receivable	9,386	701	-	-	1,430	320	-	11,837
Accounts receivable (net)	718,962	176,099	2,199	-	-	-	-	897,260
Due from other funds	2,633	-	-	-	-	-	-	2,633
Grant receivable	-	-	17,623	-	-	-	-	17,623
Prepaid expenses	47,450	8,630	12,491	5,409	51,083	11,582	-	136,645
Total current assets	<u>10,287,334</u>	<u>1,345,768</u>	<u>592,495</u>	<u>95,694</u>	<u>7,653,206</u>	<u>1,066,975</u>	<u>28,908</u>	<u>21,070,380</u>
Restricted assets:								
Cash, including time deposits	1,539,525	-	-	-	-	-	-	1,539,525
Investments	1,275,000	-	-	-	-	-	-	1,275,000
Total restricted assets	<u>2,814,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,814,525</u>
Noncurrent assets:								
Capital assets (net)	34,729,006	973,439	5,175,629	1,308,828	1,239,680	3,207,566	1,153,316	47,787,464
Total noncurrent assets	<u>34,729,006</u>	<u>973,439</u>	<u>5,175,629</u>	<u>1,308,828</u>	<u>1,239,680</u>	<u>3,207,566</u>	<u>1,153,316</u>	<u>47,787,464</u>
Total assets	<u>47,830,865</u>	<u>2,319,207</u>	<u>5,768,124</u>	<u>1,404,522</u>	<u>8,892,886</u>	<u>4,274,541</u>	<u>1,182,224</u>	<u>71,672,369</u>
LIABILITIES								
Current liabilities:								
Accounts payable	144,412	48,519	612	896	162,121	8,710	375	365,645
Wages and benefits payable	7,676	13,357	-	-	3,662	-	5,164	29,859
Compensated absences, current	14,267	26,435	-	-	-	-	12,115	52,817
Notes payable, current	-	-	-	50,452	-	-	-	50,452
Total current liabilities	<u>166,355</u>	<u>88,311</u>	<u>612</u>	<u>51,348</u>	<u>165,783</u>	<u>8,710</u>	<u>17,654</u>	<u>498,773</u>
Liabilities payable from restricted assets:								
Accrued interest payable	78,985	-	-	-	-	-	-	78,985
Bonds payable, current	805,000	-	-	-	-	-	-	805,000
Total liabilities payable from restricted assets	<u>883,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,985</u>
Noncurrent liabilities:								
Notes payable, non-current	-	-	-	205,183	-	-	-	205,183
Bonds payable, noncurrent	25,395,000	-	-	-	-	-	-	25,395,000
Unamortized bond discount/premium	205,668	-	-	-	-	-	-	205,668
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	25,600,668	-	-	-	-	-	-	25,600,668
Total noncurrent liabilities	<u>25,600,668</u>	<u>-</u>	<u>-</u>	<u>205,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,805,851</u>
Total liabilities	<u>26,651,008</u>	<u>88,311</u>	<u>612</u>	<u>256,531</u>	<u>165,783</u>	<u>8,710</u>	<u>17,654</u>	<u>27,188,609</u>
NET POSITION								
Net investment in capital assets	10,913,023	973,439	5,175,629	1,053,193	1,239,680	3,207,566	1,153,316	23,715,846
Restricted for hospital investment	-	-	-	-	4,330,723	-	-	4,330,723
Restricted for debt obligations	1,840,842	-	-	-	-	-	-	1,840,842
Unrestricted	8,425,992	1,257,457	591,883	94,798	3,156,700	1,058,265	11,254	14,596,349
Total net position	<u>\$ 21,179,857</u>	<u>\$ 2,230,896</u>	<u>\$ 5,767,512</u>	<u>\$ 1,147,991</u>	<u>\$ 8,727,103</u>	<u>\$ 4,265,831</u>	<u>\$ 1,164,570</u>	<u>44,483,760</u>
Net position of business-type activities								<u>\$ 44,483,760</u>

City of Clinton, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
<u>Operating revenues:</u>								
Charges for services:								
Water charges	\$ 5,193,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,193,955
Sewer charges	1,596,777	-	-	-	-	-	-	1,596,777
Sanitation charges	-	1,795,447	-	-	-	-	-	1,795,447
Healthcare income	-	-	-	-	8,329	-	-	8,329
Penalties	75,432	-	-	-	-	-	-	75,432
Golf fees	-	-	-	272,119	-	-	-	272,119
Concessions/merchandise sales	-	-	69,838	-	-	-	-	69,838
Total charges for services	<u>6,866,164</u>	<u>1,795,447</u>	<u>69,838</u>	<u>272,119</u>	<u>8,329</u>	<u>-</u>	<u>-</u>	<u>9,011,897</u>
Lease and rental income	15,400	-	45,604	5,896	44,799	36,767	-	148,466
Miscellaneous	664,578	1,876	25,412	1,346	128	708	5,833	699,881
Total operating revenues	<u>7,546,142</u>	<u>1,797,323</u>	<u>140,854</u>	<u>279,361</u>	<u>53,256</u>	<u>37,475</u>	<u>5,833</u>	<u>9,860,244</u>
<u>Operating expenses:</u>								
Cost of goods sold	1,373,357	-	-	-	-	-	-	1,373,357
Personal services	298,497	442,754	-	-	1,920,106	-	157,247	2,818,604
Materials and supplies	496,254	242,031	61,974	22,826	4,252	13,529	-	840,866
Other services and charges	2,290,086	873,096	159,871	432,262	1,123,975	521,316	56,516	5,457,122
Bad debt expense	17,631	2,684	-	-	-	-	-	20,315
Depreciation	1,408,123	115,762	234,022	96,770	175,704	90,514	-	2,120,895
Total operating expenses	<u>5,883,948</u>	<u>1,676,327</u>	<u>455,867</u>	<u>551,858</u>	<u>3,224,037</u>	<u>625,359</u>	<u>213,763</u>	<u>12,631,159</u>
Net operating income	1,662,194	120,996	(315,013)	(272,497)	(3,170,781)	(587,884)	(207,930)	(2,770,915)
<u>Nonoperating revenue (expense):</u>								
Investment income	256,189	16,629	3,954	614	151,505	22,622	278	451,791
Gain (loss) on disposal of fixed assets	13,500	-	(5,271)	50,337	(1,551)	254,060	-	311,075
Grants and contributions	444,095	3,125	2,469,057	-	-	-	-	2,916,277
Interest expense	(976,651)	-	-	(3,195)	-	-	-	(979,846)
Fiscal charges	(2,000)	-	-	-	-	-	-	(2,000)
Amortization	9,603	-	-	-	-	-	-	9,603
Oil and gas royalties	1,977	-	46,007	-	-	-	-	47,984
Total nonoperating revenue (expense)	<u>(253,287)</u>	<u>19,754</u>	<u>2,513,747</u>	<u>47,756</u>	<u>149,954</u>	<u>276,682</u>	<u>278</u>	<u>2,754,884</u>
Net Income before contributions and transfers	1,408,907	140,750	2,198,734	(224,741)	(3,020,827)	(311,202)	(207,652)	(16,031)
Transfers from other funds	5,372,086	-	195,055	228,522	-	290,861	1,302,345	7,388,869
Transfers to other funds	(4,520,663)	-	-	-	-	(35,000)	-	(4,555,663)
Change in net position	2,260,330	140,750	2,393,789	3,781	(3,020,827)	(55,341)	1,094,693	2,817,175
Net position-beginning of year	18,919,527	2,090,146	3,373,723	1,144,210	11,747,930	4,321,172	69,877	41,666,585
Net position-end of year	<u>\$ 21,179,857</u>	<u>\$ 2,230,896</u>	<u>\$ 5,767,512</u>	<u>\$ 1,147,991</u>	<u>\$ 8,727,103</u>	<u>\$ 4,265,831</u>	<u>\$ 1,164,570</u>	<u>\$ 44,483,760</u>

City of Clinton, Oklahoma
Statement of Cash Flows
For the Year Ended June 30, 2023

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
Cash flows from operating activities:								
Receipts from customers	\$ 6,894,770	\$ 1,790,972	\$ 118,676	\$ 278,015	\$ 53,128	\$ 36,767	\$ -	\$ 9,172,328
Payments to suppliers	(4,173,799)	(1,122,039)	(223,012)	(454,440)	(1,017,219)	(532,808)	(71,420)	(7,594,737)
Payments to employees	(306,704)	(449,369)	-	-	(1,916,444)	-	(160,510)	(2,833,027)
Other operating revenues	664,578	1,876	25,412	1,346	128	708	5,833	699,881
Net cash provided (used) by operating activities	3,078,845	221,440	(78,924)	(175,079)	(2,880,407)	(495,333)	(226,097)	(555,555)
Cash flows from non-capital financing activities:								
Payments under interfund loan agreements	(2,633)	-	-	-	-	-	-	(2,633)
Transfers from other funds	5,372,086	-	195,055	228,522	-	290,861	1,302,345	7,388,869
Transfers to other funds	(4,520,663)	-	-	-	-	(35,000)	-	(4,555,663)
Net cash provided (used) by non-capital financing activities	848,790	-	195,055	228,522	-	255,861	1,302,345	2,830,573
Cash flows from capital and related financing activities:								
Purchases of capital assets	(1,513,041)	(241,866)	(2,698,147)	(217,592)	(952,194)	-	(1,111,045)	(6,733,885)
Proceeds from capital debt	-	-	-	217,591	-	-	-	217,591
Principal paid on capital debt	(775,000)	-	-	(90,283)	-	-	-	(865,283)
Proceeds received on grants	444,095	3,125	2,451,434	-	-	-	-	2,898,654
Interest and fiscal charges paid on capital debt	(978,481)	-	-	(3,195)	-	-	-	(981,676)
Net cash provided (used) by capital and related financing activities	(2,822,427)	(238,741)	(246,713)	(93,479)	(952,194)	-	(1,111,045)	(5,464,599)
Cash flows from investing activities:								
Sale (purchase) of investments	(2,457,945)	346,150	101,771	-	4,425,995	(268,297)	-	2,147,674
Proceeds from sale of capital assets	13,500	-	-	50,337	-	312,300	-	376,137
Investment income	251,575	16,345	3,995	614	150,955	22,838	278	446,600
Receipts from oil & gas royalties	1,977	-	46,007	-	-	-	-	47,984
Net cash provided (used) by investing activities	(2,190,893)	362,495	151,773	50,951	4,576,950	66,841	278	3,018,395
Net increase (decrease) in cash and cash equivalents	(1,085,685)	345,194	21,191	10,915	744,349	(172,631)	(34,519)	(171,186)
Cash and cash equivalents, July 1, 2022	3,300,168	71,294	340,762	79,370	548,465	147,407	63,427	4,550,893
Cash & cash equivalents, June 30, 2023	<u>\$ 2,214,483</u>	<u>\$ 416,488</u>	<u>\$ 361,953</u>	<u>\$ 90,285</u>	<u>\$ 1,292,814</u>	<u>\$ (25,224)</u>	<u>\$ 28,908</u>	<u>\$ 4,379,707</u>
Cash, including time deposits	\$ 674,958	\$ 416,488	\$ 361,953	\$ 90,285	\$ 1,292,814	\$ (25,224)	\$ 28,908	\$ 2,840,182
Restricted cash, including time deposits	1,539,525	-	-	-	-	-	-	1,539,525
Total cash and cash equivalents, end of year	<u>\$ 2,214,483</u>	<u>\$ 416,488</u>	<u>\$ 361,953</u>	<u>\$ 90,285</u>	<u>\$ 1,292,814</u>	<u>\$ (25,224)</u>	<u>\$ 28,908</u>	<u>\$ 4,379,707</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 1,662,194	\$ 120,996	\$ (315,013)	\$ (272,497)	\$ (3,170,781)	\$ (587,884)	\$ (207,930)	\$ (2,770,915)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	1,408,123	115,762	234,022	96,770	175,704	90,514	-	2,120,895
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	13,206	(4,475)	3,234	-	-	-	-	11,965
(Increase) decrease in prepaids	(173)	(1,596)	(1,323)	(248)	(51,083)	(153)	-	(54,576)
Increase (decrease) in accounts payable	3,702	(2,632)	156	896	162,091	2,190	(14,904)	151,499
Increase (decrease) in wages & benefits payable	(8,197)	(8,831)	-	-	3,662	-	(3,759)	(17,125)
Increase (decrease) in compensated absences	(10)	2,216	-	-	-	-	496	2,702
Increase (decrease) in other accrued liabilities	-	-	-	-	-	-	-	-
Total adjustments	1,416,651	100,444	236,089	97,418	290,374	92,551	(18,167)	2,215,360
Net cash provided (used) by operating activities	3,078,845	221,440	(78,924)	(175,079)	(2,880,407)	(495,333)	(226,097)	(555,555)
Non-cash investing, capital, and financing activities:								
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-cash investing, capital, and financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Clinton, Oklahoma
Statement of Fiduciary Net Position
June 30, 2023

	Library Private-Purpose Trust Fund	Agency Fund
ASSETS		
Cash, including time deposits	\$ 33,986	\$ 30,692
Investments	62,650	362,299
Total assets	\$ 96,636	\$ 392,991
LIABILITIES		
Due to other funds	\$ -	\$ 2,633
Due to depositors	-	390,358
Total liabilities	\$ -	\$ 392,991
NET POSITION		
Restricted for:		
Individuals, organizations or other governments	\$ 96,636	\$ -

City of Clinton, Oklahoma
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Library Private-Purpose Trust Fund
ADDITIONS	
Investment earnings:	
Net increase in the fair value of investments	\$ 10,707
Interest, dividends, and other	161
Net investment earnings	10,868
DEDUCTIONS	
Benefits paid to participants or beneficiaries	318
Total deductions	318
Net increase in fiduciary net position	10,550
Net position- beginning	86,086
Net position- ending	\$ 96,636

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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, 2022.

(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

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
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 hangar 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 Clinton HMA LLC on January 1, 1998. This lease is for a 20-year period. Clinton HMA LLC exercised its first option for a renewal term which will commence on January 1, 2018 and expire on December 31, 2022.	Enterprise Fund
Clinton Economic Development Authority (CED)	Created May 15, 2018 to stimulate economic growth and development. One council member serves as one of the six Trustees. Any issuances of debt would require a two-thirds approval of the City Council.	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 December 19, 2023, 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, and economic development.

Major Proprietary Funds

<u>Fund</u>	<u>Brief Description</u>
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 5-year period beginning January 1, 2018.

Internal Service Fund

Accounts for the financing of goods or services provided by one 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.

Prepays

Prepays 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 charges on refunding are 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 December 31, 2044)
- ½ cent general purpose (effective October 1, 2019 through December, 2044)

In accordance with Revenue Bond indentures, all 3 cents plus 85% of .95 for water debt service of the sales tax is appropriated and paid to the Public Works Authority, then 85% of .95 cent 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 a continuation of the .95 cent sales tax to begin October 1, 2019 which is committed to water debt service and economic development through December 31, 2044.

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, 2023, the City's net assessed valuation of taxable property was \$53,905,680. 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 Statutes. For the year ended June 30, 2023, 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, 2023, 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 2023.

(C) Revenue Restrictions:

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
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, revised 3/7/2023 to allow for hospital operations
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, 2023, 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, 2023.

<u>Requirement</u>	<u>Level of Compliance</u>
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, 2023, this requirement was met (see computation below).

Revenue Bond Coverage

Gross revenue available for debt service	
Operating revenues for Public Works Authority	6,866,164
Pledged sales tax	5,372,086
Gross revenue available for debt service	12,238,250
Operating expenses for Public Works Authority	
Excluding depreciation and amortization	(4,475,825)
Net revenues available for debt service	7,762,425
Debt service requirements:	
Average annual debt service- Series 2014 revenue bonds	1,681,495
Total average annual debt service	1,681,495
Computed coverage	4.62
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.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

Investments

As of June 30, 2023, the City's reporting entity had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Primary government				
<u>POOLED INVESTMENTS:</u>				
Certificates of deposit	\$ 11,359,000	\$ 11,359,000	N/A	89
U.S. Treasury notes	14,824,082	14,824,082	N/A	78
Total pooled investments	26,183,082	26,183,082		
<u>NON-POOLED INVESTMENTS:</u>				
U.S. Treasury notes	2,477,426	2,582,344	Aaa	-
U.S. Treasury bills	1,373,961	1,373,961	AAA	
Agency notes	950,592	999,600	AAA	
Mortgage backed securities (3)	11,900	12,582	AAA	
Certificates of deposit	996,000	996,000	N/A	145
Total non-pooled investments	5,809,879	5,964,487		
Total primary government investments	\$ 31,992,961	\$ 32,147,569		

Reconciliation to Statement of Net Assets

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Unrestricted Investments	13,553,761	17,164,200	30,717,961
Restricted Investments	-	1,275,000	1,275,000
Total	13,553,761	18,439,200	31,992,961

Fiduciary funds

POOLED INVESTMENTS:

Certificates of deposit	\$ 214,000	\$ 214,000	N/A	32
U.S. Treasury notes	\$ 150,000	\$ 150,000	N/A	13
Total fiduciary investments	\$ 364,000	\$ 364,000		

Grand total investments \$ 364,000 \$ 364,000

(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, use, lodging, alcoholic beverage, cigarette, gas excise, commercial vehicle and franchise taxes receivable of \$695,620 comprised of amounts received after year-end for current year taxes.

	<i>Business-type Activities</i>				Total
	Public Works	Solid Waste	Airport	Industrial Authority	
Accounts Receivable	\$ 718,962	\$ 176,099	\$ 2,199	\$ -	\$ 897,260
Less: allowance for uncollectible accounts	-	-	-	-	-
Net accounts receivable	\$ 718,962	\$ 176,099	\$ 2,199	\$ -	\$ 897,260

(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, 2023 were as follows:

Type of Restricted Assets	Cash and cash equivalents	Investments	Total
Enterprise Funds:			
Public Works Authority			
Revenue Bond Accounts:			
2014 bonds (trustee account)	\$ 1,539,525	\$ -	\$ 1,539,525
2014 bonds	-	1,275,000	1,275,000
Grand total enterprise fund	<u>\$ 1,539,525</u>	<u>\$ 1,275,000</u>	<u>\$ 2,814,525</u>

(D) Capital Assets:

Governmental Activities

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

Capital Assets not being depreciated:				
Land	\$ 992,391	\$ -	\$ -	\$ 992,391
Construction in process	237,250	-	(58,000)	179,250
Total capital assets not being depreciated	<u>1,229,641</u>	<u>-</u>	<u>(58,000)</u>	<u>1,171,641</u>
Capital Assets being depreciated:				
Buildings	10,733,705	-	(612,024)	10,121,681
Other improvements	6,831,165	30,994	-	6,862,159
Machinery, furniture & equip.	7,612,220	264,983	(13,948)	7,863,255
Infrastructure	10,715,981	274,734	-	10,990,715
Total capital assets being depreciated	<u>35,893,071</u>	<u>570,711</u>	<u>(625,972)</u>	<u>35,837,810</u>
Less accumulated depreciation	(19,616,424)	(1,221,534)	623,168	(20,214,790)
Total capital assets being depreciated, net	<u>16,276,647</u>	<u>(650,823)</u>	<u>(2,804)</u>	<u>15,623,020</u>
Governmental activities capital assets, net	<u>17,506,288</u>	<u>(650,823)</u>	<u>(60,804)</u>	<u>16,794,661</u>

Business-Type Activities

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

Capital Assets not being depreciated:				
Land	\$ 2,161,311	\$ 1,111,045	\$ (58,240)	\$ 3,214,116
Construction in progress	631,801	2,906,039	(514,876)	3,022,964
Total capital assets not being depreciated	<u>2,793,112</u>	<u>4,017,084</u>	<u>(573,116)</u>	<u>6,237,080</u>
Capital Assets being depreciated:				
Buildings	21,744,969	369,926	(336,760)	21,778,135
Other improvements	13,845,048	14,400	(155,189)	13,704,259
Machinery, furniture & equip.	15,259,320	1,471,353	(7,453,581)	9,277,092
Infrastructure	46,163,376	1,365,257	-	47,528,633
Total capital assets being depreciated	<u>97,012,713</u>	<u>3,220,936</u>	<u>(7,945,530)</u>	<u>92,288,119</u>
Less accumulated depreciation	(56,566,287)	(2,120,895)	7,949,447	(50,737,735)
Total capital assets being depreciated, net	<u>40,446,426</u>	<u>1,100,041</u>	<u>3,917</u>	<u>41,550,384</u>
Business-type activities capital assets, net	<u>\$ 43,239,538</u>	<u>\$ 5,117,125</u>	<u>\$ (569,199)</u>	<u>\$ 47,787,464</u>

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

Fixed assets of the Enterprise Funds were comprised of the following at June 30, 2023:

	Public Works Authority	Solid Waste Authority	Airport Authority	Recreation Authority	Industrial Authority	Economic Development Authority	Hospital Authority
Land	\$ 164,305	\$ 84,601	\$ 128,733	\$ 302,000	\$ 1,336,355	\$ 1,153,316	\$ 44,806
Buildings	14,337,518	179,823	548,099	253,752	2,760,081	-	3,698,862
Other Improvements	1,716,200	5,799	1,435,822	1,510,190	358,377	-	8,677,871
Machinery, furniture, & equip.	2,827,851	2,246,042	226,728	781,978	282,868	-	2,911,625
Infrastructure	44,167,692	-	3,120,032	105,163	135,746	-	-
Construction in progress	354,538	-	2,668,426	-	-	-	-
Less accumulated depreciation	28,839,098	1,542,826	2,952,211	1,644,255	1,665,861	-	14,093,484
Net property, plant, & equipment	<u>\$ 34,729,006</u>	<u>\$ 973,439</u>	<u>\$ 5,175,629</u>	<u>\$ 1,308,828</u>	<u>\$ 3,207,566</u>	<u>\$ 1,153,316</u>	<u>\$ 1,239,680</u>

Depreciation

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

Governmental Activities	Business-type Activities
General government:	Water
Governing board & administration	\$1,117,917
Finance	290,206
Public safety & judiciary:	Sanitation
Legal and courts	115,762
Police	234,022
Fire	96,770
Inspection/code enforcement	175,704
Transportation:	Healthcare
Street	90,514
Parks & recreation	<u>\$2,120,895</u>
Cemetery	
Public services:	
Facilities maintenance	114,292
	<u>\$1,221,534</u>

(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, 2023, the long-term debt payable from governmental fund resources consisted of the following:

No governmental long-term debt.

Business-Type Activities

Capital Leases

The City has entered into several lease agreements as lessee for financing the acquisition of buildings, land, and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The business-type activities capital lease obligations are as follows:

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

CAPITAL LEASES PAYABLE:

Capital lease purchase of golf carts through the PNC Equipment Finance dated January 23, 2023 for the lease of property totalling \$217,591. Leased equipment attributable to business-type activities includes 36 new golf carts. Monthly payments of \$3,436 are required under the lease beginning July, 2023 with a balloon payment of \$54,000 due in July, 2028. Lease matures July, 2028.

\$ 217,591

Capital lease purchase of 2 John Deere mowers through John Deere Credit Equipment Finance dated April 3, 20 for the lease of property totalling \$103,546. 60 monthly payments of \$1,865 are required under the lease beginning April, 2020 and a final payment of \$1,865 in March, 2025. Lease matures March, 2025.

38,044

\$ 255,635

REVENUE BONDS PAYABLE:

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.

26,200,000

Total revenue bonds payable

26,200,000

Add: unamortized premiums

205,668

Net revenue bonds payable

\$ 26,405,668

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

<u>Type of Debt</u>	<u>Balance at July 1, 2022</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Fund Debt:					
Capital leases payable	\$ 116,705	\$ -	\$ 116,705	\$ -	\$ 116,705
Total governmental fund debt	<u>\$ 116,705</u>	<u>\$ -</u>	<u>\$ 116,705</u>	<u>\$ -</u>	<u>\$ 116,705</u>
Enterprise Fund Debt:					
Capital lease payable	\$ 128,327	\$ 217,591	\$ 90,283	\$ 255,635	\$ 50,452
Revenue bonds payable	26,975,000	-	775,000	26,200,000	805,000
Total enterprise fund debt	<u>\$ 27,103,327</u>	<u>\$ 217,591</u>	<u>\$ 865,283</u>	<u>\$ 26,455,635</u>	<u>\$ 855,452</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2023 are as follows:

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

Year Ending June 30	Governmental Activities		Business-Type Activities			
	Leases Payable		Notes and Leases Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 50,452	\$ 13,160	\$ 805,000	\$ 944,881
2025	-	-	47,326	10,692	840,000	911,981
2026	-	-	32,655	8,575	870,000	884,306
2027	-	-	34,667	6,563	895,000	861,684
2028	-	-	36,803	4,427	920,000	837,288
2029-2033	-	-	53,732	268	5,035,000	3,715,078
2034-2038	-	-	-	-	6,090,000	2,627,844
2039-2043	-	-	-	-	7,395,000	1,308,034
2044-2048	-	-	-	-	3,350,000	122,525
Totals	\$ -	\$ -	\$ 255,635	\$ 43,685	\$ 26,200,000	\$ 12,213,621

Conduit Debt Obligations

On July 1, 2022, the Clinton Public Works Authority has issued educational facilities bonds in the amount of \$30,885,000 that finance the costs of constructing, furnishing, equipping and/or acquiring improvements at a new Junior High School, Nance Elementary School, and Southwest Elementary School, along with related costs. On April 5th, 2022, the voters of Independent School District No. 99 approved the issuance of General Obligation Bonds in an amount not to exceed \$39,000,000. These bonds will be used to fund the lease agreement with the Clinton Public Works Authority. The Authority approved and authorized the execution of a Lease Purchase Agreement between the Authority, as lessor, and Independent School District No. 99 of Custer County, State of Oklahoma, whereby the Authority will lease said Project to the School District for its use and benefit, with the Payments derived therefrom to be utilized to pay the debt service on the note. In addition, no commitments beyond the collateral, the payments from the School District, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Authority for any of those bonds. At June 30, 2023, the bonds have an aggregate outstanding principal amount payable of \$30,885,000.

(F) Interfund Transactions and Balances:

Operating transfers for the year ended June 30, 2023 were as follows:

<u>OPERATING TRANSFERS:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND:		
Public Works Authority (an enterprise fund)	\$ 3,520,663	\$ 2,819,993
Recreation Authority (an enterprise fund)	-	175,000
Industrial Authority (an enterprise fund)	-	290,861
Economic Development Authority (an enterprise fund)	-	47,563
Total General Fund	3,520,663	3,333,417
SPECIAL REVENUE FUNDS:		
<i>4th Cent Sales Tax:</i>		
Public Works Authority (an enterprise fund)	-	1,142,097
Economic Development Authority (an enterprise fund)	-	1,231,000
Total Special Revenue Fund	-	2,373,097
CAPITAL PROJECTS FUND:		
Public Works Authority	1,000,000	1,409,996
Clinton Airport Authority (an enterprise fund)	-	195,055
Recreation Authority (an enterprise fund)	-	53,522
Industrial Authority (an enterprise fund)	35,000	-
Economic Development Authority (an enterprise fund)	-	23,782
Total Capital Project Funds	1,035,000	1,682,355
ENTERPRISE FUNDS:		
<i>Clinton Public Works Authority:</i>		
General Fund	2,819,993	3,520,663
Capital Projects Fund	1,409,996	1,000,000
<i>4th Cent Sales Tax Fund (a special revenue fund)</i>	1,142,097	-
<i>Clinton Airport Authority:</i>		
Capital Projects Fund	195,055	-
<i>Clinton Recreation Authority:</i>		
General Fund	175,000	-
Capital Projects Fund	53,522	-
<i>Clinton Industrial Authority:</i>		
General Fund	290,861	-
Capital Projects Fund	-	35,000
<i>Clinton Economic Development Authority:</i>		
General Fund	47,563	-
Capital Projects Fund	23,782	-
<i>4th Cent Sales Tax Fund (a special revenue fund)</i>	1,231,000	-
Total Enterprise Funds	7,388,869	4,555,663
GRAND TOTAL	\$ 11,944,532	\$ 11,944,532

(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, 2023 are as follows:

	Reserved For Debt Service	Reserved Hospital Lease Funds	Total
Enterprise Funds:			
Public Works Authority	\$ 1,840,842	\$ -	\$ 1,840,842
Hospital Authority	-	4,330,723	4,330,723
Total Enterprise Fund	<u>\$ 1,840,842</u>	<u>\$ 4,330,723</u>	<u>\$ 6,171,565</u>

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 6% 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, 2023, the following amounts related to the defined contribution plan:

City total payroll	\$3,985,500
Payroll for covered employees	\$2,058,417
Employer (City) contributions made	\$111,146

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 0% to the plan and the employer makes a 6.0% contribution to the fund. Contributions to the plan for the year ended June 30, 2023 were \$7,406 on a covered payroll of \$127,905.

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

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

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, 2023, the City's contribution was 8.31%. Contributions to the pension plan from the City were \$183,760 for the year ended June 30, 2023.

Membership

Membership in the plan is as follows:

	As of July 1, 2022
Inactive employees & beneficiaries receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	23
Active participants	49
Total	108

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

At June 30, 2023, the City reported an asset of \$666,265 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension 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, 2022, the City recognized pension expense of \$59,425). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,183	\$ 145,508
Changes of assumptions	-	429,596
Net difference between projected and actual earnings on pension plan investments	2,932,314	1,662,685
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	183,760	-
Total	\$ 3,140,257	\$ 2,237,789

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

Year ended June 30:	
	2024 \$ 24,070
	2025 3,006
	2026 8,722
	2027 682,910
	2028 -
After	-
	\$ 718,708

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

Actuarial assumptions: The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.5% to 7.5%
Investment rate of return	7.5 percent, net of pension plan investment expense and inflation

Mortality rates were based on the PubG-2010 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, 2022 valuation were based on the results of an actuarial experience study for the period ended July 1, 2016 through June 30, 2020.

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, 2022 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks - S&P 500	25%	5.80%	1.45%
Small/mid cap stocks - Russell 2500	10%	6.40%	0.64%
Long/short equity - MSCI ACWI	10%	5.00%	0.50%
International stocks - MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate - NCREIF	5%	4.60%	0.23%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long term expected return	<u><u>7.50%</u></u>

Discount rate: The discount rate used to measure the total pension liability was 7.5 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 participants 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. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cashflows.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

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, 2021	14,126,995	17,290,442	(3,163,447)
Changes for the year:			
Service cost	342,043	-	342,043
Interest	1,037,287	-	1,037,287
Differences between expected and actual experience	(124,940)	-	(124,940)
Assumption changes	(594,825)	-	(594,825)
Contributions - employer	-	206,938	(206,938)
Contributions - employee	-	114,292	(114,292)
Net investment income	-	(2,129,267)	2,129,267
Benefit payments, including refunds of employee contributions	(603,933)	(603,933)	-
Administrative expense	-	(29,580)	29,580
Net changes	<u>55,632</u>	<u>(2,441,550)</u>	<u>2,497,182</u>
Balances at July 1, 2022	<u>\$ 14,182,627</u>	<u>\$ 14,848,892</u>	<u>\$ (666,265)</u>

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	1,141,988	(666,265)	(2,163,193)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OMR 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 earmarked 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.

The required supplementary information schedules of employer contributions and the schedule of net pension liability (asset) and related ratios 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 6601 Broadway Extension, Suite 100, Oklahoma City, OK 73116 (or www.ok.gov/fprs).

Benefit Provisions

Police Pension

The police pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time officers employed by a participating municipality, working more than 25 hours per week or any person undergoing police training to become an officer with ages not less than 21 years of age or more than 45 years of age when accepting membership may be eligible for benefits. Eligibility for benefits is 20 years credited service to receive 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered. Termination benefits are provided if officers have more than 10 years of service, but are not eligible for normal retirement benefits. Benefits are payable when officers would have had 20 years of service at reduced rates. An officer with 20 year of credited service has an additional option to participate in a deferred option plan for a maximum of 5 years is available. There has been no change in benefit terms since the prior measurement date.

Fire Pension

The fire pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time or voluntary firefighters of a participating municipality are eligible to participate. Eligibility for full time benefits is 20 years of credited service for those hired prior to November 1, 2013, and 22 years of credited service for those hired after November 1, 2013 and age 50. Paid firefighters receive a monthly benefit equal to 50% of final average compensation. A firefighter with 20 years of credited service has an additional option to participate in a deferred option plan for maximum of 5 years. There has been no change in benefit terms since the prior measurement date.

Contributions

Police Pension

Contribution requirements are established by state statute. As of June 30, 2022, the Plan member's contribution rate was 8% of covered payroll. The employer contributes 13% of covered payroll.

Fire Pension

Contribution requirements are established by state statute. As of June 30, 2022, the Plan member's contribution rate was 9% of covered payroll. The employer contributes 14% of covered payroll.

Net Pension Asset (Liability), Pension Expense and Deferred Outflows and Inflows of Resources
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, relative to the total contributions for the fiscal year ended June 30, 2022. The City's portion for 2022 was 0.1874% compared to 0.2101% for 2021. At June 30, 2022, the City recorded a Police Pension Plan asset of \$150,292 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2022. This is reported in governmental activities.

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, 2022. The City's portion for 2022 was 0.186746% compared to 0.182135% for 2021. At June 30, 2022, the City recorded a Firefighters Pension Plan liability of \$2,442,141 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2022. This is reported in governmental activities.

Pension Expense

	Primary Government	
	<i>Governmental Activities</i>	
Police Pension	Fire Pension	Total
\$35,918	\$339,455	\$375,373

Pension Deferred Outflows and Deferred Inflows

Deferred Outflow/(Inflows) of resources represents the following items that have not been recognized in the pension expense:

1. Differences between expected and actual experience of the pension plan
2. Changes in assumptions
3. Difference between projected and actual experience of the pension plan

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in pension plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

	Primary Government					
	<i>Governmental Activities</i>					
	Police Pension		Fire Pension		Total	Total
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Current year contributions- Employer	\$ 90,293	\$ -	\$ 94,514	\$ -	\$ 184,807	\$ -
Difference between expected and actual pension plan experience	73,720	16,371	313,505	12,329	387,225	28,700
Investment projected vs actual	795,864	649,210	1,078,367	794,563	1,874,231	1,443,773
Changes in assumptions	5,233	-	-	15,571	5,233	15,571
Changes in proportion and differences between employer contributions and proportion share of contributions	-	-	-	-	-	-
Total	\$ 965,110	\$ 665,581	\$ 1,486,386	\$ 822,463	\$ 2,451,496	\$ 1,488,044

Actuarial Assumptions

	Police Pension	Firefighters Pension
Valuation date	7/1/22	7/1/22
Price inflation	2.75%	2.75%
Wage inflation	3.5% - 12%	2.75%
Salary increases	3.5% to 12% average, including inflation	2.75% to 10.5% average, including inflation
Post Retirement COLA	1/3 to 1/2 of the base salary increase of 3.5%	Firefighters with 20 yrs of service as of May 26, 1983, receive and increase of 1/2 of the dollar amount of a 2.75% assumed increase in pay
Investment rate of return	7.5%	7.5%

Police Pension

Mortality rates were based on the RP-2000 with Blue Collar Healthy Combined Annuitant Mortality Table for males or females, as appropriate, with adjustments for generational mortality improvements based on Scale AA with age set back four years.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for July 1, 2012 through June 30, 2017.

Fire Pension

Mortality rates were based on the Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

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 Oklahoma 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 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 Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 2, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 36.0% effective July 1, 2021

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2023

- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

The Plan will also receive \$40,625 each year from July 1, 2020, through June 30, 2027. 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.

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. The Plan fully exited its commodities allocation in fiscal year 2021 and has accordingly set that long-term return expectation at 0.00%. The inflation factor added back was 2.31% for 2022 and 2% for 2021. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Firefighters Pension

The long-term expected rate of return on the Plan's 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. The inflation factor added back was 2.31% and 2.26% for 2022 and 2021, respectively. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table:

<u>Police Pension</u>	Long-term Expected <u>Rate of Return</u>	<u>Firefighters Pension</u>	Long-term Expected <u>Rate of Return</u>
Fixed income	3.34%	Fixed income	3.62%
Domestic equity	4.69%	Domestic equity	5.66%
International equity	8.34%	International equity	8.34%
Real estate	7.64%	Real estate	7.64%
Private equity	9.66%	Other assets	5.08%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate allocation of what 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):

	<u>Rate</u>	Police Pension Net Pension <u>Asset(Liability)</u>	<u>Rate</u>	Firefighters Pension Net Pension <u>Asset(Liability)</u>
1% decrease	6.5%	(435,405)	6.5%	(3,146,888)
Current single discount rate	7.5%	150,292	7.5%	(2,442,141)
1% increase	8.5%	645,327	8.5%	(1,852,656)

Other Post-Employment Benefits

For the year ended June 30, 2023, 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 HMA LLC exercised its first option for a renewal term which will commence on January 1, 2018 and expire on December 31, 2023 for an annual rent of \$118,375.04 payable in equal monthly installments of \$9,864.59. Provided that the Tenant provides outpatient chemotherapy services (the "Incentive Services") as a part of Tenant's permitted use, Landlord agrees to abate Tenant's obligation to pay \$60,000.00 of Base Rent per year during the Term, as Extended, (the "Free Rent"). If Tenant discontinues the Incentive Services for a period longer than one year and efforts are no longer being made by Tenant to reinstate the Incentive Services, the Free Rent shall cease and Tenant shall continue to pay Base Rent at the rate of \$118,375.04 per annum.

On October 6, 2022 Clinton HMA LLC notified the Authority that "due to market changes" they will not renew the lease agreement that expires on December 31, 2022. The City of Clinton and Clinton Hospital Authority worked diligently to secure a new operator or manager to maintain hospital operations and retain employees. The facility closed on January 1, 2023 due to lack of a license. On March 7th, 2023 voters approved to allow use of principal lease payments for the purpose of hospital operations since Alliance Health Clinton cancelled the original hospital license. The facility re-opened on October 31, 2023 with a reinstated license.

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2023
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	\$ 3,252,000	\$ -	\$ 3,252,000	\$ 3,595,491	\$ 343,491
Use taxes	880,000	-	880,000	838,914	(41,086)
Hotel/motel taxes	260,000	-	260,000	290,861	30,861
E911 taxes	95,000	-	95,000	86,617	(8,383)
Franchise taxes	345,800	-	345,800	454,885	109,085
Cigarette taxes	45,000	-	45,000	43,316	(1,684)
Licenses and permits	53,800	-	53,800	83,537	29,737
Oil & gas royalties	25,000	-	25,000	35,934	10,934
Fines and forfeitures	65,000	-	65,000	61,485	(3,515)
Investment income	25,000	-	25,000	123,187	98,187
Charges for services	190,550	-	190,550	239,301	48,751
Rental income	18,000	-	18,000	15,318	(2,682)
Intergovernmental	177,500	-	177,500	174,456	(3,044)
Intracity fees	643,164	-	643,164	643,336	172
Miscellaneous	22,000	-	22,000	127,657	105,657
Total revenues before carryover	6,097,814	-	6,097,814	6,814,295	716,481
Budgeted carryover (1)	5,931,635	-	5,931,635	6,489,206	557,571
Total revenues and budgeted carryover	12,029,449	-	12,029,449	13,303,501	1,274,052
EXPENDITURES					
Current:					
General government:					
Governing board and administration					
Personal services	481,872	-	481,872	434,844	47,028
Materials & supplies	10,400	-	10,400	3,596	6,804
Other services & charges	491,080	(220,000)	271,080	207,536	63,544
Finance					
Personal services	352,798	9,000	361,798	351,293	10,505
Materials & supplies	4,500	-	4,500	4,574	(74)
Other services & charges	84,500	-	84,500	78,578	5,922
Total general government	1,425,150	(211,000)	1,214,150	1,080,421	133,729
Public safety and judiciary:					
Legal and courts					
Personal services	96,100	5,000	101,100	98,855	2,245
Materials & supplies	1,600	-	1,600	159	1,441
Other services & charges	6,110	-	6,110	2,712	3,398
Police					
Personal services	1,949,180	(34,000)	1,915,180	1,675,947	239,233
Materials & supplies	83,750	-	83,750	80,044	3,706
Other services & charges	52,930	-	52,930	48,498	4,432
Fire					
Personal services	1,118,266	-	1,118,266	1,065,560	52,706
Materials & supplies	97,100	-	97,100	83,878	13,222
Other services & charges	82,625	-	82,625	62,272	20,353
Inspection/code enforcement					
Personal services	71,813	-	71,813	72,013	(200)
Materials & supplies	4,450	-	4,450	2,948	1,502
Other services & charges	326,500	(250,000)	76,500	43,798	32,702
Total public safety and judiciary	3,890,424	(279,000)	3,611,424	3,236,684	374,740
Transportation:					
Street					
Personal services	201,082	-	201,082	197,610	3,472
Materials & supplies	66,100	-	66,100	61,487	4,613
Other services & charges	178,800	20,000	198,800	187,505	11,295
Total transportation	445,982	20,000	465,982	446,602	19,380
Cultural, parks and recreation:					
Parks and recreation					
Personal services	365,985	-	365,985	320,557	45,428
Materials & supplies	200,550	-	200,550	116,980	83,570
Other services & charges	208,420	-	208,420	199,161	9,259
Cemetery					
Personal services	114,923	-	114,923	101,820	13,103
Materials & supplies	20,400	-	20,400	5,830	14,570
Other services & charges	9,150	-	9,150	2,462	6,688
Total cultural, parks and recreation	919,428	-	919,428	746,810	172,618

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2023
Budget and Actual (Non-GAAP Budgetary Basis)

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Public Services:					
Facilities maintenance					
Personal services	96,477	-	96,477	89,654	6,823
Materials & supplies	57,700	-	57,700	54,883	2,817
Other services & charges	248,100	-	248,100	218,823	29,277
Total public services	<u>402,277</u>	<u>-</u>	<u>402,277</u>	<u>363,360</u>	<u>38,917</u>
Total expenditures	<u>7,083,261</u>	<u>(470,000)</u>	<u>6,613,261</u>	<u>5,873,877</u>	<u>739,384</u>
Revenue over (under) expenditures	4,946,188	470,000	5,416,188	7,429,624	2,013,436
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	3,655,000	-	3,655,000	3,520,663	(134,337)
Operating transfers out	<u>(3,165,000)</u>	<u>(220,000)</u>	<u>(3,385,000)</u>	<u>(3,333,417)</u>	<u>51,583</u>
Net other financing sources (uses)	<u>490,000</u>	<u>(220,000)</u>	<u>270,000</u>	<u>187,246</u>	<u>(82,754)</u>
Revenues and other financing sources over (under) expenditures and other uses	5,436,188	250,000	5,686,188	7,616,870	1,930,682
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,094,067	-	1,094,067	6,329,375	5,235,308
Less budgeted carryover (1)	<u>(5,931,635)</u>	<u>-</u>	<u>(5,931,635)</u>	<u>(6,489,206)</u>	<u>(557,571)</u>
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 598,620</u>	<u>\$ 250,000</u>	<u>\$ 848,620</u>	<u>\$ 7,457,039</u>	<u>\$ 6,608,419</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				72,930	
Expenditure and transfer accruals				260,204	
Fund balance at end of year (GAAP basis)				<u>\$ 7,790,173</u>	

(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.

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Police Pension Retirement Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Valuation date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.1874%	0.2101%	0.2208%	0.1866%	0.1797%	0.2052%	0.2178%	0.2189%	0.2422%
Proportionate share of the net pension liability (asset)	(150,280)	(1,007,883)	253,578	(11,913)	(85,600)	15,784	333,548	8,925	(81,546)
Proportionate share of the net pension liability (asset) of the State and other municipalities	(80,041,720)	(478,708,117)	114,591,422	(6,372,087)	(47,549,400)	7,676,216	152,810,452	4,068,075	(33,587,454)
Total plan net pension liability (asset)	<u>(80,192,000)</u>	<u>(479,716,000)</u>	<u>114,845,000</u>	<u>(6,384,000)</u>	<u>(47,635,000)</u>	<u>7,692,000</u>	<u>153,144,000</u>	<u>4,077,000</u>	<u>(33,669,000)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
Covered payroll	664,895	717,653	751,162	605,073	554,790	613,817	645,577	646,427	701,174
Plan net pension liability as a percentage of covered payroll	-22.60%	-140.44%	33.76%	-1.97%	-15.43%	2.57%	51.67%	1.38%	-11.63%
Schedule of Employer Contributions for Cost Sharing Plans (4):									
Contractually Required Contribution (CRC) (5)	87,270	94,518	96,131	78,896	71,262	79,543	83,482	80,427	88,084
Contributions in Relation to CRC (6)	87,270	94,518	96,131	78,896	71,262	79,543	83,482	80,427	88,084
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	671,308	727,062	739,469	606,892	548,169	611,869	642,169	618,669	677,569
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Fire Pension Retirement Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.186746%	0.182135%	0.184919%	0.178638%	0.153748%	0.174741%	0.190657%	0.200091%	0.212605%
Proportionate share of the net pension liability (asset)	2,442,142	1,199,480	2,278,042	1,887,607	1,730,659	2,197,759	2,329,284	2,123,782	2,186,319
Proportionate share of the net pension liability (asset) of the State and other municipalities	<u>1,305,292,329</u>	<u>657,367,007</u>	<u>1,229,635,253</u>	<u>1,054,778,396</u>	<u>1,123,915,772</u>	<u>1,255,525,892</u>	<u>1,219,385,223</u>	<u>1,059,284,467</u>	<u>1,026,161,524</u>
Total plan net pension liability (asset)	<u>1,307,734,471</u>	<u>658,566,487</u>	<u>1,231,913,295</u>	<u>1,056,666,003</u>	<u>1,125,646,431</u>	<u>1,257,723,651</u>	<u>1,221,714,507</u>	<u>1,061,408,249</u>	<u>1,028,347,843</u>
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	612,055	570,712	588,915	549,731	465,996	498,140	521,678	541,318	577,376
Plan net pension liability as a percentage of covered payroll	399.01%	210.17%	386.82%	343.37%	371.39%	441.19%	446.50%	392.34%	378.66%
Schedule of Employer Contributions for Cost Sharing Plans (4):									
Contractually Required Contribution (CRC) (5)	86,537	82,835	83,101	77,339	64,019	69,535	74,663	76,537	79,461
Contributions in Relation to CRC (6)	<u>86,537</u>	<u>82,835</u>	<u>83,101</u>	<u>77,339</u>	<u>64,019</u>	<u>69,535</u>	<u>74,663</u>	<u>76,537</u>	<u>79,461</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	618,121	591,679	593,579	552,421	457,279	496,679	533,307	546,693	567,579
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

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

	Oklahoma Municipal Retirement Fund								
	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total pension liability									
Service cost	\$ 342,043	\$ 335,835	\$ 301,023	\$ 271,846	\$ 282,813	\$ 358,958	\$ 360,214	\$ 345,244	\$ 318,193
Interest	1,037,287	993,308	933,037	892,781	873,414	860,704	833,517	785,489	766,152
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(124,940)	(132,044)	156,092	(304,943)	(275,598)	(263,677)	(297,969)	(17,699)	-
Changes in assumptions	(594,825)	-	-	334,944	-	115,255	-	-	-
Benefit payments, including refunds of employee contributions	(603,933)	(617,271)	(556,880)	(755,301)	(494,217)	(567,299)	(523,446)	(464,280)	(567,102)
Net change in total pension liability	\$ 55,632	\$ 579,828	\$ 833,272	\$ 439,327	\$ 386,412	\$ 503,941	\$ 372,316	\$ 648,754	\$ 517,243
Total pension liability - beginning	14,126,995	13,547,167	12,713,895	12,274,568	11,888,156	11,384,215	11,011,899	10,363,145	9,845,902
Total pension liability - ending (a)	\$ 14,182,627	\$ 14,126,995	\$ 13,547,167	\$ 12,713,895	\$ 12,274,568	\$ 11,888,156	\$ 11,384,215	\$ 11,011,899	\$ 10,363,145
Plan fiduciary net position									
Contributions - employer	206,938	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contributions - employee	114,292	110,098	112,466	108,119	100,574	115,049	123,819	125,312	127,630
Net investment income	(2,129,267)	3,797,180	555,397	885,435	926,757	1,399,382	100,472	315,533	1,614,704
Benefit payments, including refunds of employee contributions	(603,933)	(617,271)	(556,880)	(755,301)	(494,217)	(567,299)	(523,446)	(464,280)	(567,102)
Administrative expense	(29,580)	(28,152)	(28,605)	(27,056)	(25,987)	(24,537)	(22,729)	(23,471)	(23,876)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(2,441,550)	3,429,325	209,195	366,270	685,288	1,142,096	(83,811)	213,559	1,451,321
Plan fiduciary net position - beginning	17,290,442	13,861,117	13,651,922	13,285,652	12,600,364	11,458,268	11,542,079	11,328,520	9,877,199
Plan fiduciary net position - ending (b)	\$ 14,848,892	\$ 17,290,442	\$ 13,861,117	\$ 13,651,922	\$ 13,285,652	\$ 12,600,364	\$ 11,458,268	\$ 11,542,079	\$ 11,328,520
City's net pension liability - ending (a) - (b)	\$ (666,265)	\$ (3,163,447)	\$ (313,950)	\$ (938,027)	\$ (1,011,084)	\$ (712,208)	\$ (74,053)	\$ (530,180)	\$ (965,375)
Plan fiduciary net position as a percentage of the total pension liability	104.70%	122.39%	102.32%	107.38%	108.24%	105.99%	100.65%	104.81%	109.32%
Covered-employee payroll	\$ 1,947,694	\$ 2,027,676	\$ 2,117,606	\$ 1,962,487	\$ 1,911,721	\$ 1,895,524	\$ 2,240,881	\$ 2,246,744	\$ 2,191,279
City's net pension liability as a percentage of covered-employee payroll	-34.21%	-156.01%	-14.83%	-47.80%	-52.89%	-37.57%	-3.30%	-23.60%	-44.06%
Schedule of Employer Contributions for Cost Sharing Plans (4):									
Contractually Required Contribution (CRC) (5)	206,938	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contributions in Relation to CRC (6)	206,938	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contribution deficiency	-	-	-	-	-	-	-	-	-
Covered payroll	1,947,694	2,027,676	2,117,606	1,962,487	1,911,721	1,895,524	2,240,881	2,246,744	2,191,279
Contributions as a percentage of covered payroll	-34.21%	-156.01%	-14.83%	-47.80%	-52.89%	-37.57%	-3.30%	-23.60%	-44.06%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

CITY OF CLINTON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Federal Grantor/Pass-Through Entity/Program Title	Federal Assistance Listing Number	Project Identification	Grant Number or Pass-Through Entity Identifying Number	Program or Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development					
Pass-Through Oklahoma Department of Commerce Community Development Block Grant	14.228		17852 CDBG 20	450,000	443,000
Sub-total U.S. Department of Housing & Urban Development				<u>450,000</u>	<u>443,000</u>
U.S. Department of Justice					
Direct Programs Edward Byrne Memorial Justice Assistance Grant Program	16.738			7,595	7,595
Sub-total U.S. Department of Justice				<u>7,595</u>	<u>7,595</u>
U.S. Department of Transportation:					
Direct Programs					
Federal Aviation Administration - Airport Improvement Program	20.106	082479700		56,600	8,800
Federal Aviation Administration - Airport Improvement Program	20.106	082479700	3-40-0021-018-2021	596,662	487,516
Federal Aviation Administration - Airport Improvement Program	20.106	V4NURBN6Z8Q	3-40-0021-019-2022	2,298,998	1,665,149
Pass-Through Oklahoma Department of Transportation Federal Highway Administration - SPR Mini Transportation Planning	20.205	01946(77)	SPRY-0010(087) PL	23,600	23,600
Sub-total U.S. Department of Transportation				<u>2,975,860</u>	<u>2,185,065</u>
U.S. Department of Homeland Security:					
Pass-Through Oklahoma Department of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW00999	4438 Severe Storms	1,081	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW00139	4575 - Severe Winter Storm	36,058	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW000011	4587 - Severe Winter Storm	5,850	-
Sub-total U.S. Department of Homeland Security				<u>42,989</u>	<u>-</u>
U.S. Department of Treasury:					
Direct Programs COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027			1,594,616	
Sub-total U.S. Department of Treasury				<u>1,594,616</u>	<u>-</u>
Total of Expenditures of Federal Awards				<u>5,071,060</u> \$	<u>2,635,660</u>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

CITY OF CLINTON, OKLAHOMA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Clinton, Oklahoma under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Clinton, Oklahoma, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Clinton, Oklahoma.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Also, there were no awards passed through to sub-recipients.

Indirect Cost Rate - The City of Clinton, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and 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, 2023, 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 19, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 19, 2023



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council
City of Clinton, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Clinton, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Clinton, Oklahoma's major federal programs for the year ended June 30, 2023. City of Clinton, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Clinton, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Clinton, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Clinton, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 19, 2023

**CITY OF CLINTON, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified Opinion
Material weaknesses identified in internal control over financial reporting during the audit of the financial statements:	No
Significant deficiencies identified in internal control over financial reporting during the audit of the financial statements that are not considered to be material weaknesses:	None Reported
Disclosures of noncompliance material to the financial statements:	No

Federal Awards

Material weaknesses identified in internal control over major federal award programs:	No
Significant deficiencies identified in internal control over major federal award programs that are not considered to be material weaknesses:	None Reported
Type of auditor's report issued on compliance for major federal award programs:	Unmodified Opinion
Audit findings required to be reported in accordance with 2 CFR section 200.516(a):	No
Identification of Major Programs:	20.106 Airport Improvement Program
Dollar threshold used to distinguish between Type A and B programs:	\$750,000
Auditee qualified as a low-risk auditee:	No

FINDINGS – FINANCIAL STATEMENTS AUDIT

None Reported

FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Reported