

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

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2020**

THE CITY OF CLINTON, OKLAHOMA
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YEAR ENDED JUNE 30, 2020

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CITY OF CLINTON, OKLAHOMA
YEAR ENDED JUNE 30, 2020
LIST OF PRINCIPAL OFFICIALS

MAYOR
David Berrong

COUNCIL MEMBERS
Chris Jones
Ernie Dowdell
Patch McComas
Bobby Stewart

CITY MANAGER
Mark Skiles

CITY CLERK
Lisa Anders

CITY TREASURER
Debra Blanchard



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Clinton, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2020, 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
Certified Public Accountants

Weatherford, Oklahoma
December 9, 2020

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, 2020. 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 \$65,667,733 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$65,502,500.
- Total liabilities of the City decreased by \$1,062,410 to \$37,349,411.
- Total net assets are comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$37,523,172 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 \$10,130,283 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$18,014,278 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 \$9,226,447 this year. This compares to the prior year ending fund balance of \$8,517,479 showing an increase of \$708,968.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,703,462, or 45.51% of total General Fund expenditures including transfers and 41.67% of General Fund revenues including transfers.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

The City's financial reporting entity includes the funds of the City (primary government). Most of the legally separate organizations operate like city departments and serve as financing vehicles for the City services (revenue bond issuers), or are governed by a board of trustees wholly 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, and Industrial Authority activities.

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

Notes to the financial statements

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

Other Information

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

Financial Analysis of the City as a Whole

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

The City's net position at fiscal year end was \$65,667,733. This is a net increase of \$165,233 over last year's net position of \$65,502,500. 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
	2020	2019	2020	2019	2020	2019		
Current and other assets	\$ 9,666,442	\$ 9,096,249	\$23,268,012	\$23,559,440	\$32,934,454	\$32,655,689	\$ 278,765	0.8%
Other noncurrent assets	949,941	1,096,689	5,040,000	5,040,000	5,989,941	6,136,689	\$ (146,748)	-2.4%
Capital assets	18,889,934	19,223,119	44,878,974	45,669,684	63,768,908	64,892,803	\$ (1,123,895)	-1.8%
Total assets	29,506,317	29,416,057	73,186,986	74,269,124	102,693,303	103,685,181	\$ (991,878)	-1.0%
Deferred outflows of resources	1,435,290	1,449,862	-	-	1,435,290	1,449,862	(14,572)	-1.0%
Long-term liabilities	2,126,672	2,105,907	28,140,957	33,868,487	30,267,629	35,974,394	\$ (5,706,765)	-18.9%
Other liabilities	566,041	709,834	6,515,741	1,727,593	7,081,782	2,437,427	\$ 4,644,355	65.6%
Total liabilities	2,692,713	2,815,741	34,656,698	35,596,080	37,349,411	38,411,821	\$ (1,062,410)	-2.8%
Deferred inflows of resources	1,111,449	1,220,722	-	-	1,111,449	1,220,722	(109,273)	-9.8%
Net position:								
Invested in capital assets, net of related debt	18,521,068	18,715,660	19,002,104	19,667,614	37,523,172	38,383,274	\$ (860,102)	-2.3%
Restricted	132,707	123,621	9,997,576	10,114,001	10,130,283	10,237,622	\$ (107,339)	-1.1%
Unrestricted	8,483,670	7,990,175	9,530,608	8,891,429	18,014,278	16,881,604	\$ 1,132,674	6.3%
Total net position	\$27,137,445	\$26,829,456	\$38,530,288	\$38,673,044	\$65,667,733	\$65,502,500	\$ 165,233	0.3%

The City reported positive balances in net assets for governmental activities, noting an increase of \$307,989. Business-type activities net assets decreased \$142,756.

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 continues through August 31, 2019. In 2015, voters approved extending the termination date to December 31, 2044.

CITY OF CLINTON, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2020

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

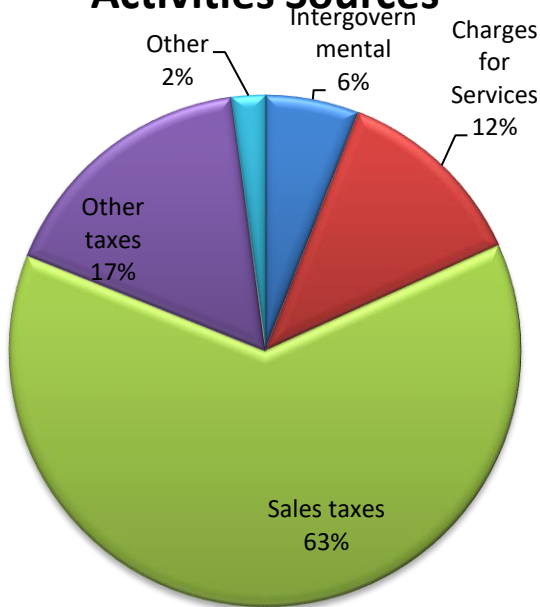
	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2020	2019	2020	2019	2020	2019		
Revenues								
Program Revenues								
Charges for services	\$ 1,055,530	\$ 1,108,971	\$ 8,141,886	\$ 7,908,340	\$ 9,197,416	\$ 9,017,311	\$ 180,105	2%
Operating grants and contributions	116,839	102,847	90,322	113,445	207,161	216,292	(9,131)	-4%
Capital grants and contributions	336,607	431,463	120,444	982,524	457,051	1,413,987	(956,936)	-68%
General Revenues								
Sales taxes	5,488,235	5,660,082	-	-	5,488,235	5,660,082	(171,847)	-3%
Use taxes	671,543	551,663	-	-	671,543	551,663	119,880	22%
Hotel/motel taxes	242,535	347,368	-	-	242,535	347,368	(104,833)	-30%
E-911 taxes	100,020	100,079	-	-	100,020	100,079	(59)	0%
Franchise taxes (fees)	352,220	390,346	-	-	352,220	390,346	(38,126)	-10%
Cigarette taxes	51,639	48,682	-	-	51,639	48,682	2,957	6%
Other taxes	93,111	76,805	-	-	93,111	76,805	16,306	21%
Oil & gas royalties	99,831	26,990	24,754	32,880	124,585	59,870	64,715	108%
Investment income	160,167	136,215	465,439	537,775	625,606	673,990	(48,384)	-7%
Other	66,557	26,081	293,279	305,625	359,836	331,706	28,130	8%
Pension change	(208,998)	768,956	-	-	(208,998)	768,956	(977,954)	
Penalties	-	-	66,839	66,774	66,839	66,774	65	0%
Gain on disposal of assets	18,000	-	(691)	(11,169)	17,309	(11,169)	28,478	-255%
Transfers - internal activity	(1,453,193)	(2,006,525)	1,453,193	2,006,525	-	-	-	0%
Total Revenues	\$ 7,190,643	\$ 7,770,023	\$ 10,655,465	\$ 11,942,719	\$ 17,846,108	\$ 19,712,742	\$ (1,866,634)	-10%
Expenses								
General government	\$ 1,131,243	\$ 1,098,501	\$ -	\$ -	\$ 1,131,243	\$ 1,098,501	\$ 32,742	3%
Public safety/judiciary	3,386,509	3,021,388	-	-	3,386,509	3,021,388	365,121	12%
Transportation	804,487	949,754	-	-	804,487	949,754	(145,267)	-15%
Cultural, parks, recreation	1,190,142	1,133,055	-	-	1,190,142	1,133,055	57,087	5%
Public services	370,273	369,743	-	-	370,273	369,743	530	0%
Water	-	-	5,427,082	4,462,879	5,427,082	4,462,879	964,203	22%
Sewer	-	-	1,465,274	1,433,128	1,465,274	1,433,128	32,146	2%
Sanitation	-	-	1,594,674	1,378,870	1,594,674	1,378,870	215,804	16%
Airport	-	-	411,297	472,000	411,297	472,000	(60,703)	-13%
Golf	-	-	564,674	497,455	564,674	497,455	67,219	14%
Parks & recreation	-	-	-	1,106	-	1,106	(1,106)	-100%
Healthcare	-	-	292,531	324,427	292,531	324,427	(31,896)	-10%
Education	-	-	284,720	358,170	284,720	358,170	(73,450)	-21%
Economic development	-	-	757,969	664,255	757,969	664,255	93,714	14%
Total Expenses	\$ 6,882,654	\$ 6,572,441	\$ 10,798,221	\$ 9,592,290	\$ 17,680,875	\$ 16,164,731	\$ 1,516,144	9%
Increase (decrease) in net position	\$ 307,989	\$ 1,197,582	\$ (142,756)	\$ 2,350,429	\$ 165,233	\$ 3,548,011	(3,382,778)	-95%

Governmental Activities

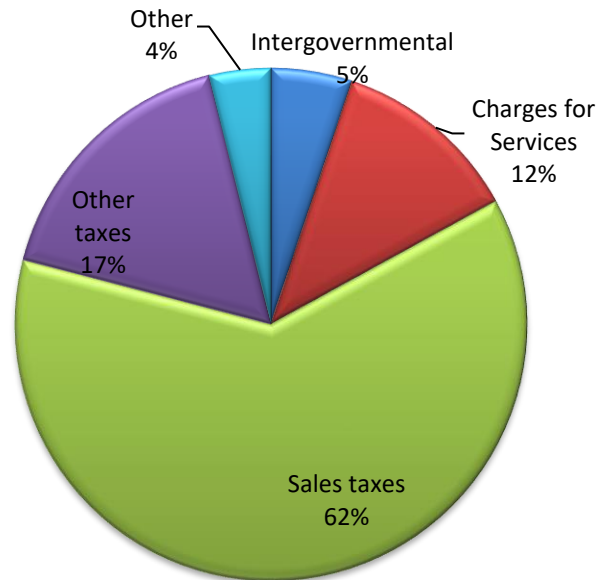
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column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

For the year ended June 30, 2020, the City's governmental activities were funded as follows:

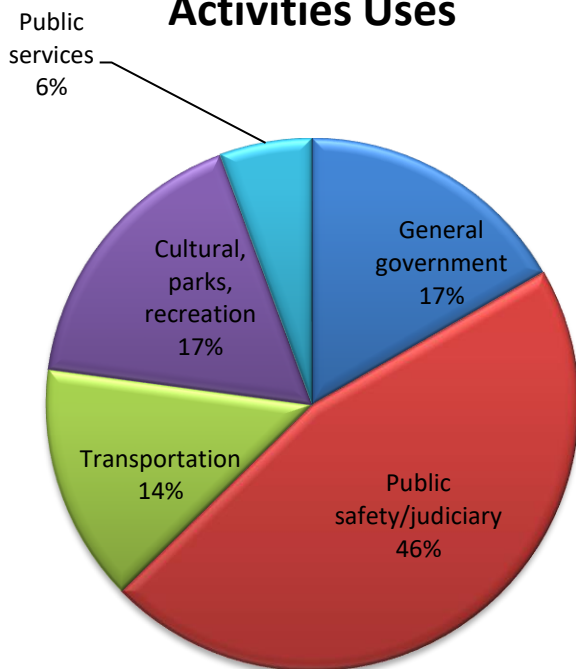
2019 Governmental Activities Sources



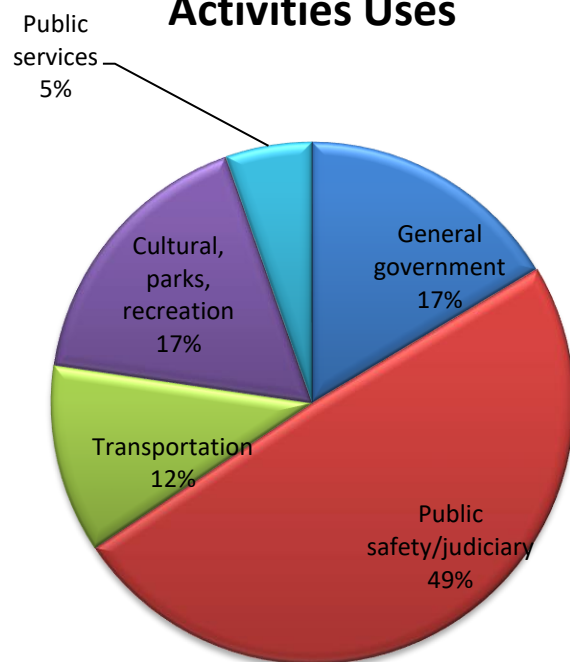
2020 Governmental Activities Sources



2019 Governmental Activities Uses



2020 Governmental Activities Uses



Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resource focus. This is useful in assessing resources available at the end of the year in comparison with up coming financing requirements. Governmental funds reported ending fund balances of \$9,226,447. Of this year end total \$3,703,462 is unreserved indicating availability for continuing City service requirements. Restricted fund balances include: \$132,707 committed to cemetery capital improvements and \$1,585,868 for capital projects.

The total ending fund balances of governmental funds showed an increase of \$708,968 from the prior year. This increase is primarily attributable to increased use tax and hotel/motel tax in general fund and lower overall capital outlay expenditures.

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 \$750,309 from \$2,953,153 to \$3,703,462. Key factors contributing to this increase included increases in use tax, hotel/motel tax and a decrease in transfers to other funds.

The Capital Improvement Fund has an ending fund balance of \$1,585,868. The fiscal year end included a net decrease of \$198,213 in the Capital Improvement Fund. The change in Capital Improvement Fund is largely due to a decrease in capital lease proceeds.

The 4th Cent Sales Tax Fund is the fund that accounts for the 3 ½ cents of the City's fourth cent sales tax that is to be used by the City for Water debt service (85% of .95), Acme Brick Park operation (5%), 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 decrease in net position for the PWA Fund was \$11,195. This decrease is attributable to a net income before transfers of \$619,591 (\$326,561 increase in depreciation) in addition to a reduction in acquisition payments of \$411,475.

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 \$31,456.

The Clinton Airport Authority accounts for providing airport facilities to the public. The decrease in net position for the Airport Authority was \$195,409. This decrease for the fiscal year was attributable to no grants received in the fiscal year.

The Recreation Trust Authority accounts for the financing, development, and operation of recreational facilities which currently includes only the golf course. The decrease in net position of the Recreation Trust Authority was \$104,038.

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 \$95,606 after depreciation in the amount of \$276,283. The hospital is currently leased to Alliance Health Clinton so the fund activity will mainly consist of the annual lease payment from the hospital, interest income on investments, and the depreciation on the assets leased to Alliance Health.

The Industrial Authority accounts for the activities in promoting industrial development within the City of Clinton. The increase in net position for the Industrial Authority was \$160,055. The increase is mainly due to net transfers from other funds of \$525,494.

The Economic Development Authority accounts for economic growth and development. The increase in net position of \$74,592 is mainly due to net transfers from other funds of \$235,000.

General Fund Budgetary Highlights

The General Fund Budget for fiscal year 2019 was \$5,422,806. Total expenditures for the City were \$5,126,033, which is \$296,773 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, 2020, was \$18,889,934 and \$44,878,974 respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2020	2019	2020	2019	2020	2019		
Non-Depreciable Assets:								
Land	\$ 992,391	\$ 992,391	\$ 2,186,807	\$ 2,186,807	\$ 3,179,198	\$ 3,179,198	\$ -	0%
Construction in Progress	191,343	992,060	706,210	417,571	897,553	1,409,631	\$ (512,078)	-57%
Depreciable Assets:								
Buildings	10,687,745	10,684,730	21,741,517	21,741,517	32,429,262	32,426,247	\$ 3,015	0%
Other improvements	6,610,515	5,973,415	13,561,483	13,306,678	20,171,998	19,280,093	\$ 891,905	4%
Machinery, furniture & equipment	7,092,921	6,728,759	14,428,957	14,208,712	21,521,878	20,937,471	\$ 584,407	3%
Infrastructure	10,661,916	10,651,941	45,013,382	44,542,716	55,675,298	55,194,657	\$ 480,641	1%
Less accumulated depreciation	17,346,897	16,800,177	52,759,382	50,734,317	70,106,279	67,534,494	\$ 2,571,785	4%
Total	\$ 18,889,934	\$ 19,223,119	\$ 44,878,974	\$ 45,669,684	\$ 63,768,908	\$ 64,892,803	\$ (1,123,895)	-2%

Long-term debt

At year-end, the City had \$35,235,735 in debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 33,500,000	\$ 34,210,000	\$ 33,500,000	\$ 34,210,000
Notes payable/capital lease	368,866	507,459	222,914	518,276	591,780	1,025,735
subtotal	368,866	507,459	33,722,914	34,728,276	34,091,780	35,235,735
less current portion	(139,536)	(138,580)	(5,816,435)	(1,103,870)	(5,955,971)	(1,242,450)
Totals	\$ 229,330	\$ 368,879	\$ 27,906,479	\$ 33,624,406	\$ 28,135,809	\$ 33,993,285

The Clinton Public Works Authority issued \$12,875,000 of revenue bonds during the 6/30/2012 fiscal year to finance school improvements approved by voters on March 2, 2010 including classroom additions to Nance, Southwest and Washington schools, cafeteria addition at Southwest, CHS band room facility, CHS physical

education/practice facility, roofing, parking lots, CMS auditorium remodel and other miscellaneous improvements. The Authority entered into a ground lease with the Clinton Public School District to lease the land upon which the improvements were to be constructed. Lease purchase acquisition payments and rental payments derived from the sublease agreement with the District will be assigned to make the debt service payments on the bonds. Upon payment in full of the amounts due under the sublease agreement, possession and ownership of the improvements will then belong to the District. The Authority has no obligation for the debt beyond the funds derived under the lease agreement.

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

THE CITY'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year end June 30, 2020, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2020 Actual Budget Basis	FYE 2019 Actual Budget Basis	Increase/ (Decrease) from FYE 2019	Percent Increase/ (Decrease)
Revenues				
Sales taxes	\$ 2,953,912	\$ 2,537,948	\$ 415,964	14%
Use taxes	701,788	550,740	151,048	22%
Hotel/motel taxes	242,165	329,092	(86,927)	-36%
E911 taxes	100,020	100,079	(59)	0%
Franchise taxes	348,594	390,030	(41,436)	-12%
Cigarette taxes	51,410	46,781	4,629	9%
Licenses and permits	62,096	70,937	(8,841)	-14%
Oil and gas royalties	99,831	26,990	72,841	73%
Fines and forfeitures	83,957	99,344	(15,387)	-18%
Investment income	65,621	56,147	9,474	14%
Charges for services	223,953	246,171	(22,218)	-10%
Rental income	19,845	25,403	(5,558)	-28%
Intergovernmental	253,734	186,699	67,035	26%
Intracity fees	641,518	641,571	(53)	0%
Miscellaneous	94,444	40,934	53,510	57%
Total Revenues	\$ 5,942,888	\$ 5,348,866	\$ 594,022	10%
Expenditures				
Governing board & admin	\$ 657,870	\$ 650,467	\$ 7,403	1%
Finance	364,804	350,865	13,939	4%
Legal & courts	102,617	87,877	14,740	14%
Police	1,731,729	1,537,956	193,773	11%
Fire	990,240	919,142	71,098	7%
Inspection/code enforcement	121,480	100,836	20,644	17%
Street	261,651	335,533	(73,882)	-28%
Parks & recreation	541,194	569,878	(28,684)	-5%
Cemetery	128,784	120,645	8,139	6%
Facilities maintenance	225,664	230,614	(4,950)	-2%
Total Expenditures	\$ 5,126,033	\$ 4,903,813	\$ 222,220	4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Due to the current issue of the COVID19 pandemic and the dramatic drop in the Oil and Gas industry nationwide, Oklahoma municipalities have had to prepare for the economic impact of the two concurrent situations and try to adjust appropriately.

The City must continue to make prudent financial management decisions and continue to progress, reinvest in infrastructure, and continue to plan for the long-term quality of future generations in Clinton. Serving the public trust requires the best possible balance of allocation to meet the varied needs of all citizens. The budget provides a framework for us to accomplish our mission, which is ‘to create, enhance, and preserve a human natural and economic environment which fosters our community’s unique quality of life in Clinton.’ The budget also reflects our core City organization values of integrity, teamwork, service excellence, personal growth, and innovation.

The Clinton “Main Street Attitude” is increasingly positive as is evidenced by private investments that are being made in the community that will result in growth, jobs, and a potential increase in sales tax revenue. Clinton City Government is dedicated to working closely with these entities for the common good of the City. Clinton strives to obtain the reputation of a “business friendly/responsible community.” Citizens are involved in “making our community look better.”

The following are highlights from the 2020-2021 budget:

The General Fund budget for fiscal year 2020-2021 allocates \$624,000 of cash reserves/gund balance to meet the budgetary needs and balance the budget. The addition of a ½ cent sales tax collection to the general fund operations in December, 2019 was a timely funding addition to help with the current downturn. Due to these uncertain times we are experiencing, the sales tax collections will continue to be monitored monthly and operations adjustments will be made as needed.

Sales tax revenue estimates have been calculated with a potential 20% reduction in fiscal year 2020-2021. Other revenues have been adjusted to reflect a decline in lodging and recreation participation throughout the end of the fiscal year and have been estimated conservatively. A CPI increase of 3.2% has been reported from the major service providers for water/wastewater treatment plant operations in the Public Works Authority and Solid Waste Landfill/Transfer Station operations in the Solid Waste Authority therefore a 3.2% CPI water, wastewater, and solid waste rate increase was proposed to pass on the increased cost to the customers. A health insurance cost increase was reported by the City’s health insurance provider. No cost of living raises were proposed in the new 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, 2020

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 659,091	\$ 1,210,054	\$ 1,869,145
Investments	8,314,000	16,656,550	24,970,550
Interest receivable	7,594	92,866	100,460
Accounts receivable (net)	46,140	761,588	807,728
Internal balances	(492)	492	-
Receivable from other governments	585,417	-	585,417
Grant receivable	-	-	-
Prepaid expenses	54,692	74,092	128,784
Total current assets	9,666,442	18,795,642	28,462,084
Restricted assets:			
Cash	-	3,347,370	3,347,370
Investments	-	1,125,000	1,125,000
Total restricted assets	-	4,472,370	4,472,370
Noncurrent Assets:			
Pension asset	949,941	-	949,941
Notes receivable	-	5,040,000	5,040,000
Land and construction in progress	1,183,734	2,893,017	4,076,751
Other capital assets (net of accumulated depreciation)	17,706,200	41,985,957	59,692,157
Total noncurrent assets	19,839,875	49,918,974	69,758,849
Total assets	29,506,317	73,186,986	102,693,303
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,435,290	-	1,435,290
	1,435,290	-	1,435,290
LIABILITIES			
Current liabilities:			
Accounts payable	37,283	423,220	460,503
Wages and benefits payable	206,753	58,290	265,043
Accrued interest payable	-	-	-
Compensated absences, current	182,469	53,414	235,883
Notes payable, current	139,536	46,435	185,971
Total current liabilities	566,041	581,359	1,147,400
Liabilities payable from restricted assets:			
Accrued interest payable	-	164,382	164,382
Bonds payable, current	-	5,770,000	5,770,000
Total liabilities payable from restricted assets	-	5,934,382	5,934,382
Noncurrent liabilities:			
Pension liability	1,887,609	-	1,887,609
Other accrued liabilities	9,733	-	9,733
Notes payable, non-current	229,330	176,479	405,809
Bonds payable, non-current	-	27,730,000	27,730,000
Unamortized bond premium	-	234,478	234,478
Bonds payable, net of unamortized premium	-	27,964,478	27,964,478
Total noncurrent liabilities	2,126,672	28,140,957	30,267,629
Total liabilities	2,692,713	34,656,698	37,349,411
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,111,449	-	1,111,449
NET POSITION			
Net investment in capital assets	18,521,068	19,002,104	37,523,172
Restricted for:			
Cemetery care	132,707	-	132,707
Hospital investment	-	8,331,250	8,331,250
Debt obligations	-	1,666,326	1,666,326
Unrestricted	8,483,670	9,530,608	18,014,278
Total net position	\$ 27,137,445	\$ 38,530,288	\$ 65,667,733

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 756,998	\$ 475,942	\$ -	\$ -	\$ (281,056)
Finance	374,245	256,607	-	-	(117,638)
Total general government	<u>1,131,243</u>	<u>732,549</u>	<u>-</u>	<u>-</u>	<u>(398,694)</u>
Public safety and judiciary:					
Legal & courts	100,879	-	-	-	(100,879)
Police	1,908,494	120,868	-	10,192	(1,777,434)
Fire	1,249,206	-	8,691	141,971	(1,098,544)
Inspection/code enforcement	127,930	2,055	-	-	(125,875)
Total public safety and judiciary	<u>3,386,509</u>	<u>122,923</u>	<u>8,691</u>	<u>152,163</u>	<u>(3,102,732)</u>
Transportation:					
Streets	804,487	-	79,854	-	(724,633)
Total transportation	<u>804,487</u>	<u>-</u>	<u>79,854</u>	<u>-</u>	<u>(724,633)</u>
Cultural, parks and recreation:					
Parks & recreation	1,056,849	96,829	28,294	179,893	(751,833)
Cemetery	133,293	85,910	-	-	(47,383)
Total cultural, parks and recreation	<u>1,190,142</u>	<u>182,739</u>	<u>28,294</u>	<u>179,893</u>	<u>(799,216)</u>
Public services:					
Facilities maintenance	370,273	17,319	-	4,551	(348,403)
Total public services	<u>370,273</u>	<u>17,319</u>	<u>-</u>	<u>4,551</u>	<u>(348,403)</u>
Total governmental activities	<u>6,882,654</u>	<u>1,055,530</u>	<u>116,839</u>	<u>336,607</u>	<u>(5,373,678)</u>
Business-type activities:					
Water	5,427,082	4,490,562	-	-	(936,520)
Sewer	1,465,274	1,521,760	-	-	56,486
Sanitation	1,594,674	1,601,708	-	-	7,034
Airport	411,297	142,444	-	-	(268,853)
Golf	564,674	225,505	-	-	(339,169)
Healthcare	292,531	58,375	-	-	(234,156)
Education	284,720	8,961	90,322	-	(185,437)
Economic development	757,969	92,571	-	120,444	(544,954)
Total business-type activities	<u>10,798,221</u>	<u>8,141,886</u>	<u>90,322</u>	<u>120,444</u>	<u>(2,445,569)</u>
Total	<u>\$ 17,680,875</u>	<u>\$ 9,197,416</u>	<u>\$ 207,161</u>	<u>\$ 457,051</u>	<u>\$ (7,819,247)</u>

(Continued)

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2020

Changes in Net Position:

(Continued)

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (5,373,678)	\$ (2,445,569)	\$ (7,819,247)
General revenues:			
Taxes:			
Sales tax	5,488,235	-	5,488,235
Use tax	671,543	-	671,543
Hotel/Motel tax	242,535	-	242,535
E-911 tax	100,020	-	100,020
Franchise taxes	352,220	-	352,220
Cigarette tax	51,639	-	51,639
Alcoholic beverage tax	93,111	-	93,111
Oil and gas royalties	99,831	24,754	124,585
Investment income	160,167	465,439	625,606
Penalties	-	66,839	66,839
Gain (loss) on disposal of assets	18,000	(691)	17,309
Pension change	(208,998)	-	(208,998)
Gen utility fee	-	289,871	289,871
Miscellaneous	66,557	3,408	69,965
Transfers-Internal activity	(1,453,193)	1,453,193	-
Total general revenues and transfers	<u>5,681,667</u>	<u>2,302,813</u>	<u>7,984,480</u>
Change in net position	307,989	(142,756)	165,233
Net position-beginning	26,829,456	38,673,044	65,502,500
Net position-ending	<u>\$ 27,137,445</u>	<u>\$ 38,530,288</u>	<u>\$ 65,667,733</u>

City of Clinton, Oklahoma
Balance Sheet
June 30, 2020

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	Drug Seizure Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
ASSETS							
Cash, including time deposits	\$ 94,881	\$ 211,604	\$ 313,026	\$ 6,073	\$ 12,614	\$ 16,644	\$ 654,842
Investments	3,591,000	1,238,000	3,296,000	-	120,000	69,000	8,314,000
Interest receivable	3,187	805	3,477	-	93	32	7,594
Accounts receivable	5	45,000	-	-	-	1,135	46,140
Due from other funds	-	-	-	-	-	-	-
Receivable from other governments	380,575	105,047	99,795	-	-	-	585,417
Prepaid expenses	53,396	-	-	-	-	1,296	54,692
Total assets	<u>\$ 4,123,044</u>	<u>\$ 1,600,456</u>	<u>\$ 3,712,298</u>	<u>\$ 6,073</u>	<u>\$ 132,707</u>	<u>\$ 88,107</u>	<u>\$ 9,441,871</u>
LIABILITIES							
Accounts payable	\$ 20,627	\$ 14,588	\$ -	\$ -	\$ -	\$ 2,068	\$ 37,283
Wages and benefits payable	206,753	-	-	-	-	-	206,753
Compensated absences, current	182,469	-	-	-	-	-	182,469
Due to other funds	-	-	-	-	-	-	-
Other accrued liabilities	9,733	-	-	-	-	-	9,733
Total liabilities	<u>419,582</u>	<u>14,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,068</u>	<u>436,238</u>
FUND BALANCES							
Restricted for:							
Cemetery care	-	-	-	-	132,707	-	132,707
Capital projects	-	1,585,868	-	-	-	-	1,585,868
Special revenue funds	-	-	3,712,298	6,073	-	86,039	3,804,410
Unassigned	<u>3,703,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,703,462</u>
Total fund balances	<u>3,703,462</u>	<u>1,585,868</u>	<u>3,712,298</u>	<u>6,073</u>	<u>132,707</u>	<u>86,039</u>	<u>9,226,447</u>
Total liabilities and fund balances	<u>\$ 4,123,044</u>	<u>\$ 1,600,456</u>	<u>\$ 3,712,298</u>	<u>\$ 6,073</u>	<u>\$ 132,707</u>	<u>\$ 88,107</u>	<u>\$ 9,441,871</u>
Total fund balance - total governmental funds							9,226,447
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						1,183,734	
Capital assets						35,053,097	
Less: Accumulated depreciation						<u>(17,346,897)</u>	18,889,934
Long-term liabilities are not due and payable in the current period and are not reported in the funds.							(368,866)
Net pension asset							949,941
Pension related deferred outflows							1,435,290
Net pension liability							(1,887,609)
Pension related deferred inflows							(1,111,449)
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							4,889
Business-type activities internal liabilities to government fund activities							<u>(1,132)</u>
Net assets of governmental activities							<u>\$ 27,137,445</u>

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	DFT Drug Seizure Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
<u>REVENUES</u>							
Sales tax	\$ 2,895,398	\$ 1,219,800	\$ 1,373,037	\$ -	\$ -	\$ -	\$ 5,488,235
Use tax	671,543	-	-	-	-	-	671,543
Hotel/motel tax	242,535	-	-	-	-	-	242,535
E911 tax	100,020	-	-	-	-	-	100,020
Franchise taxes	352,220	-	-	-	-	-	352,220
Cigarette tax	51,639	-	-	-	-	-	51,639
Licenses and permits	62,096	-	-	-	-	-	62,096
Oil and gas royalties	99,831	-	-	-	-	-	99,831
Fines and forfeitures	83,957	-	-	-	-	-	83,957
Investment income	67,751	22,931	65,618	-	2,348	1,519	160,167
Charges for services	223,953	-	-	-	6,842	-	230,795
Rental income	19,845	-	-	-	-	17,319	37,164
Intergovernmental	251,893	18,393	-	-	-	-	270,286
Intracity fees	641,518	-	-	-	-	-	641,518
Miscellaneous	94,444	261,944	-	4,440	-	-	360,828
Total revenues	<u>5,858,643</u>	<u>1,523,068</u>	<u>1,438,655</u>	<u>4,440</u>	<u>9,190</u>	<u>18,838</u>	<u>8,852,834</u>
<u>EXPENDITURES</u>							
Current:							
General government:							
Governing board and administration	678,488	-	1,671	3,330	-	-	683,489
Finance	370,604	3,104	-	-	-	-	373,708
Total general government	<u>1,049,092</u>	<u>3,104</u>	<u>1,671</u>	<u>3,330</u>	<u>-</u>	<u>-</u>	<u>1,057,197</u>
Public safety and judiciary:							
Legal and courts	100,259	-	-	-	-	-	100,259
Police	1,763,141	52,434	-	-	-	-	1,815,575
Fire	1,000,629	51,506	-	-	-	-	1,052,135
Inspection/code enforcement	124,815	-	-	-	-	-	124,815
Total public safety and judiciary	<u>2,988,844</u>	<u>103,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,092,784</u>
Transportation:							
Street	257,947	287,380	-	-	-	-	545,327
Total transportation	<u>257,947</u>	<u>287,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,327</u>
Cultural, parks and recreation:							
Parks & recreation	545,049	60,417	-	-	-	-	605,466
Cemetery	129,908	45	-	-	104	-	130,057
Total cultural, parks and recreation	<u>674,957</u>	<u>60,462</u>	<u>-</u>	<u>-</u>	<u>104</u>	<u>-</u>	<u>735,523</u>
Public Services:							
Facilities maintenance	226,720	16,671	-	-	-	11,943	255,334
Total public services	<u>226,720</u>	<u>16,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,943</u>	<u>255,334</u>
Economic development:							
Capital outlay	-	-	-	-	-	-	-
Debt service:	-	847,215	-	1,042	-	-	848,257
Principal	-	138,582	-	-	-	-	138,582
Interest	-	17,669	-	-	-	-	17,669
Total debt service	<u>-</u>	<u>156,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,251</u>
Total expenditures	<u>5,197,560</u>	<u>1,475,023</u>	<u>1,671</u>	<u>4,372</u>	<u>104</u>	<u>11,943</u>	<u>6,690,673</u>
Excess (deficiency) of revenues over expenditures	<u>661,083</u>	<u>48,045</u>	<u>1,436,984</u>	<u>68</u>	<u>9,086</u>	<u>6,895</u>	<u>2,162,161</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	3,028,914	1,080,651	120,444	-	-	-	4,230,009
Transfers out	(2,939,688)	(1,326,909)	(1,416,605)	-	-	-	(5,683,202)
Capital lease proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	<u>89,226</u>	<u>(246,258)</u>	<u>(1,296,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,453,193)</u>
Net change in fund balances	750,309	(198,213)	140,823	68	9,086	6,895	708,968
Fund balances - beginning	2,953,153	1,784,081	3,571,475	6,005	123,621	79,144	8,517,479
Fund balances - ending	<u>\$ 3,703,462</u>	<u>\$ 1,585,868</u>	<u>\$ 3,712,298</u>	<u>\$ 6,073</u>	<u>\$ 132,707</u>	<u>\$ 86,039</u>	<u>\$ 9,226,447</u>

(Continued)

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

(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 \$ 708,968

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	848,257	
Depreciation expense	<u>(1,173,633)</u>	(325,376)

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. (208,998)

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 -

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 principal 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	138,582	
Interest on debt	17,669	
Debt activity recognized in the statement of activities		
Interest on long-term debt	(17,669)	138,582

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

Internal service fund changes in net position	(492)	
Business-type activities net activities due to governmental type activities	<u>(4,695)</u>	<u>(5,187)</u>

	\$	<u><u>307,989</u></u>
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City of Clinton, Oklahoma
Statement of Fund Net Position
June 30, 2020

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds	Internal Service Fund
ASSETS									
Current assets:									
Cash, including time deposits	\$ 778,231	\$ 36,522	\$ 60,584	\$ 28,809	\$ 144,332	\$ 111,928	\$ 49,648	\$ 1,210,054	\$ 4,249
Investment	3,518,000	1,199,000	-	-	10,972,550	907,000	60,000	16,656,550	-
Interest receivable	89,480	894	-	-	1,304	1,127	61	92,866	-
Accounts receivable (net)	574,259	171,499	11,756	-	-	4,074	-	761,588	-
Due from other funds	-	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	44,868	6,644	6,780	5,125	-	10,675	-	74,092	-
Total current assets	5,004,838	1,414,559	79,120	33,934	11,118,186	1,034,804	109,709	18,795,150	4,249
Restricted assets:									
Cash, including time deposits	3,347,370	-	-	-	-	-	-	3,347,370	-
Investments	1,125,000	-	-	-	-	-	-	1,125,000	-
Total restricted assets	4,472,370	-	-	-	-	-	-	4,472,370	-
Noncurrent assets:									
Capital lease receivable	5,040,000	-	-	-	-	-	-	5,040,000	-
Capital assets (net)	35,630,728	618,226	2,775,163	1,383,495	896,209	3,575,153	-	44,878,974	640
Total noncurrent assets	40,670,728	618,226	2,775,163	1,383,495	896,209	3,575,153	-	49,918,974	640
Total assets	50,147,936	2,032,785	2,854,283	1,417,429	12,014,395	4,609,957	109,709	73,186,494	4,889
LIABILITIES									
Current liabilities:									
Accounts payable	338,506	55,305	283	13,584	30	11,096	4,416	423,220	-
Wages and benefits payable	16,939	20,086	-	11,128	-	2,022	8,115	58,290	-
Due to other funds	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-
Compensated absences, current	18,682	21,091	-	2,481	-	3,786	7,374	53,414	-
Notes payable, current	-	-	-	46,435	-	-	-	46,435	-
Total current liabilities	374,127	96,482	283	73,628	30	16,904	19,905	581,359	-
Liabilities payable from restricted assets:									
Accrued interest payable	164,382	-	-	-	-	-	-	164,382	-
Bonds payable, current	5,770,000	-	-	-	-	-	-	5,770,000	-
Total liabilities payable from restricted assets	5,934,382	-	-	-	-	-	-	5,934,382	-
Noncurrent liabilities:									
Other accrued liabilities	-	-	-	-	-	-	-	-	-
Notes payable, non-current	-	-	-	176,479	-	-	-	176,479	-
Bonds payable, noncurrent	27,730,000	-	-	-	-	-	-	27,730,000	-
Unamortized bond discount/premium	234,478	-	-	-	-	-	-	234,478	-
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	27,964,478	-	-	-	-	-	-	27,964,478	-
Total noncurrent liabilities	27,964,478	-	-	176,479	-	-	-	28,140,957	-
Total liabilities	34,272,987	96,482	283	250,107	30	16,904	19,905	34,656,698	-
NET POSITION									
Net investment in capital assets	9,976,772	618,226	2,775,163	1,160,581	896,209	3,575,153	-	19,002,104	640
Restricted for hospital investment	-	-	-	-	8,331,250	-	-	8,331,250	-
Restricted for debt obligations	1,666,326	-	-	-	-	-	-	1,666,326	-
Unrestricted	4,231,851	1,318,077	78,837	6,741	2,786,906	1,017,900	89,804	9,530,116	4,249
Total net position	\$ 15,874,949	\$ 1,936,303	\$ 2,854,000	\$ 1,167,322	\$ 12,014,365	\$ 4,593,053	\$ 89,804	38,529,796	\$ 4,889
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds								492	
Net position of business-type activities								\$ 38,530,288	

City of Clinton, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds	Internal Service Fund
<u>Operating revenues:</u>									
Charges for services:									
Water charges	\$ 4,420,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,420,564	\$ -
Sewer charges	1,444,365	-	-	-	-	-	-	1,444,365	-
Sanitation charges	-	1,578,241	-	-	-	-	-	1,578,241	-
Penalties	66,839	-	-	-	-	-	-	66,839	-
Golf fees	-	-	-	224,559	-	-	-	224,559	-
Concessions/merchandise sales	-	-	74,782	-	-	721	-	75,503	-
Internal service charges	-	-	-	-	-	-	-	-	-
Total charges for services	5,931,768	1,578,241	74,782	224,559	-	721	-	7,810,071	-
Lease and rental income	25,261	-	67,270	-	58,375	86,122	-	237,028	-
Miscellaneous	517,305	23,467	392	946	-	5,728	-	547,838	-
Total operating revenues	6,474,334	1,601,708	142,444	225,505	58,375	92,571	-	8,594,937	-
<u>Operating expenses:</u>									
Cost of goods sold	1,434,499	-	-	-	-	-	-	1,434,499	-
Personal services	351,933	477,714	-	244,749	-	52,243	156,760	1,283,399	-
Materials and supplies	341,354	162,754	60,237	53,760	-	16,716	30	634,851	-
Other services and charges	2,422,655	885,947	134,843	132,967	16,248	435,109	5,387	4,033,156	-
Bad debt expense	34,205	5,411	-	-	-	-	-	39,616	-
Depreciation	1,270,097	62,848	216,217	127,409	276,283	89,036	-	2,041,890	492
Total operating expenses	5,854,743	1,594,674	411,297	558,885	292,531	593,104	162,177	9,467,411	492
Net operating income	619,591	7,034	(268,853)	(333,380)	(234,156)	(500,533)	(162,177)	(872,474)	(492)
<u>Nonoperating revenue (expense):</u>									
Investment income	148,376	24,422	113	169	273,252	17,338	1,769	465,439	-
Gain (loss) on disposal of fixed assets	-	-	-	(691)	-	-	-	(691)	-
Acquisition payments- Clinton Public Schools	-	-	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	120,444	-	120,444	-
Interest expense	(1,319,813)	-	-	(5,789)	-	(2,688)	-	(1,328,290)	-
Fiscal charges	(12,123)	-	-	-	-	-	-	(12,123)	-
Amortization	9,603	-	-	-	-	-	-	9,603	-
Oil and gas royalties	11,423	-	13,331	-	-	-	-	24,754	-
Total nonoperating revenue (expense)	(1,162,534)	24,422	13,444	(6,311)	273,252	135,094	1,769	(720,864)	-
Net income before contributions and transfers	(542,943)	31,456	(255,409)	(339,691)	39,096	(365,439)	(160,408)	(1,593,338)	(492)
Transfers from other funds	4,477,540	-	60,000	287,426	-	645,938	235,000	5,705,904	-
Transfers to other funds	(3,945,792)	-	-	(51,773)	(134,702)	(120,444)	-	(4,252,711)	-
Change in net position	(11,195)	31,456	(195,409)	(104,038)	(95,606)	160,055	74,592	(140,145)	(492)
Net position-beginning of year	15,886,144	1,904,847	3,049,409	1,271,360	12,109,971	4,432,998	15,212		5,381
Net position-end of year	\$ 15,874,949	\$ 1,936,303	\$ 2,854,000	\$ 1,167,322	\$ 12,014,365	\$ 4,593,053	\$ 89,804		\$ 4,889
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds								(2,611)	
Change in net position of business-type activities								<u>\$ (142,756)</u>	

City of Clinton, Oklahoma
Statement of Cash Flows
For the Year Ended June 30, 2020

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds	Internal Service Fund
<u>Cash flows from operating activities:</u>									
Receipts from customers	\$ 6,065,219	\$ 1,551,478	\$ 136,702	\$ 224,559	\$ 58,375	\$ 83,880	\$ -	\$ 8,120,213	\$ -
Cash payments for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(4,111,249)	(1,133,061)	(194,515)	(176,791)	(16,248)	(450,331)	(1,101)	(6,083,296)	-
Payments to employees	(349,414)	(471,648)	-	(253,468)	-	(51,450)	(152,310)	(1,278,290)	-
Other operating revenues	517,305	23,467	392	946	-	5,728	-	547,838	-
Net cash provided (used) by operating activities	2,121,861	(29,764)	(57,421)	(204,754)	42,127	(412,173)	(153,411)	1,306,465	-
<u>Cash flows from non-capital financing activities:</u>									
Receipts under interfund loan agreements	-	-	-	-	-	2,188	-	2,188	-
Payments under interfund loan agreements	(2,188)	-	-	-	-	-	-	(2,188)	-
Transfers from other funds	4,477,540	-	60,000	287,426	-	645,938	235,000	5,705,904	-
Transfers to other funds	(3,945,792)	-	-	(51,773)	(134,702)	(120,444)	-	(4,252,711)	-
Payments received on capital lease	-	-	-	-	-	-	-	-	-
Acquisition payments- Clinton Public Schools	-	-	-	-	-	-	-	-	-
Net cash provided (used) by non-capital financing activities	529,560	-	60,000	235,653	(134,702)	527,682	235,000	1,453,193	-
<u>Cash flows from capital and related financing activities:</u>									
Purchases of capital assets	(1,115,618)	-	-	(114,416)	-	(21,837)	-	(1,251,871)	-
Proceeds from issuance of long-term debt	-	-	-	103,565	-	-	-	103,565	-
Principal paid on capital debt	(743,178)	-	-	(32,793)	-	(332,956)	-	(1,108,927)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-
Proceeds received on grants	-	-	43,769	-	-	120,444	-	164,213	-
Interest and fiscal charges paid on capital debt	(1,333,985)	-	-	(5,789)	-	(4,960)	-	(1,344,734)	-
Net cash provided (used) by capital and related financing activities	(3,192,781)	-	43,769	(49,433)	-	(239,309)	-	(3,437,754)	-
<u>Cash flows from investing activities:</u>									
Sale (purchase) of investments	297,000	(130,000)	-	-	(506,191)	121,000	(60,000)	(278,191)	-
Investment income	150,914	25,492	113	169	274,579	17,974	1,708	470,949	-
Receipts from oil & gas royalties	11,423	-	13,331	-	-	-	-	24,754	-
Net cash provided (used) by investing activities	459,337	(104,508)	13,444	169	(231,612)	138,974	(58,292)	217,512	-
Net increase (decrease) in cash and cash equivalents	(82,023)	(134,272)	59,792	(18,365)	(324,187)	15,174	23,297	(460,584)	-
Cash and cash equivalents, July 1, 2019	4,207,624	170,794	792	47,174	468,519	96,754	26,351	5,018,008	4,249
Cash & cash equivalents, June 30, 2020	<u>\$ 4,125,601</u>	<u>\$ 36,522</u>	<u>\$ 60,584</u>	<u>\$ 28,809</u>	<u>\$ 144,332</u>	<u>\$ 111,928</u>	<u>\$ 49,648</u>	<u>\$ 4,557,424</u>	<u>\$ 4,249</u>
Cash, including time deposits	\$ 778,231	\$ 36,522	\$ 60,584	\$ 28,809	\$ 144,332	\$ 111,928	\$ 49,648	\$ 1,210,054	\$ 4,249
Restricted cash, including time deposits	3,347,370	-	-	-	-	-	-	3,347,370	-
Total cash and cash equivalents, end of year	<u>\$ 4,125,601</u>	<u>\$ 36,522</u>	<u>\$ 60,584</u>	<u>\$ 28,809</u>	<u>\$ 144,332</u>	<u>\$ 111,928</u>	<u>\$ 49,648</u>	<u>\$ 4,557,424</u>	<u>\$ 4,249</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>									
Operating income (loss)	\$ 619,591	\$ 7,034	\$ (268,853)	\$ (333,380)	\$ (234,156)	\$ (500,533)	\$ (162,177)	\$ (872,474)	\$ (492)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation	1,270,097	62,848	216,217	127,409	276,283	89,036	-	2,041,890	492
Changes in assets and liabilities:									
(Increase) decrease in accounts receivable	108,190	(26,763)	(5,350)	-	-	(2,963)	-	73,114	-
(Increase) decrease in prepaids	(15,400)	(898)	578	(302)	-	53	-	(15,969)	-
Increase (decrease) in accounts payable	136,864	(78,051)	(13)	10,238	-	1,441	4,316	74,795	-
Increase (decrease) in wages & benefits payable	2,459	3,466	-	(1,481)	-	40	807	5,291	-
Increase (decrease) in compensated absences	60	2,600	-	(7,238)	-	753	3,643	(182)	-
Increase (decrease) in other accrued liabilities	-	-	-	-	-	-	-	-	-
Total adjustments	1,502,270	(36,798)	211,432	128,626	276,283	88,360	8,766	2,178,939	492
Net cash provided (used) by operating activities	\$ 2,121,861	\$ (29,764)	\$ (57,421)	\$ (204,754)	\$ 42,127	\$ (412,173)	\$ (153,411)	\$ 1,306,465	\$ -
<u>Non-cash investing, capital, and financing activities:</u>									
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, 2020

	<u>Agency Fund</u>
ASSETS	
Cash, including time deposits	\$ 16,257
Investments	335,000
Total assets	<u>\$ 351,257</u>
LIABILITIES	
Due to depositors	351,257
Total liabilities	<u>\$ 351,257</u>

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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, 2020.

(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 Integris (now Alliance Health) 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, 2023.	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 9, 2020, 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 20-year period beginning January 1, 1998.

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 charge on refunding is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Long-Term Debt

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

Net Position/Fund Balance

Fund Balance

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

Net Position

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

Net investment in capital assets:

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

Restricted net position:

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

Unrestricted net position:

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

Governmental Fund Balances

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Use of Estimates

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

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

(F) Revenues, Expenditures and Expenses:

Sales Tax

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

- 2 cents General Fund
- 1 cent Capital Improvement Fund
- 1 cent Special Revenue Fund (through December 31, 2044)
- ½ cent Debt Service (expired 9/30/2019)

- 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, 2020, the City's net assessed valuation of taxable property was \$49,191,728. 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, 2020, 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

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
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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, 2020, 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 appropriations approved by the City Council during fiscal year 2020.

(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
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, 2019, 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, 2020.

<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, 2020, this requirement was met (see computation below).

Revenue Bond Coverage

Gross revenue available for debt service	
Operating revenues for Public Works Authority	5,931,768
Pledged sales tax	4,476,395
Gross revenue available for debt service	10,408,163
Operating expenses for Public Works Authority	
Excluding depreciation and amortization	(4,584,646)
Net revenues available for debt service	5,823,517
Debt service requirements:	
Average annual debt service- Series 2014 revenue bonds	1,681,495
Total average annual debt service	1,681,495
Computed coverage	3.46
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
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June 30, 2020

Investments

As of June 30, 2020, 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	\$ 17,776,000	\$ 17,776,000	N/A	213
Total pooled investments	<u>17,776,000</u>	<u>17,776,000</u>		
<u>NON-POOLED INVESTMENTS:</u>				
Federal agency notes	2,117,731	2,106,197	Aaa	-
Mortgage backed securities (3)	87,819	84,919	AAA	
Certificates of deposit	6,449,000	6,449,000	N/A	400
Total non-pooled investments	<u>8,654,550</u>	<u>8,640,116</u>		
Total primary government investments	<u>\$ 26,430,550</u>	<u>\$ 26,416,116</u>		

Reconciliation to Statement of Net Assets

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Unrestricted Investments	8,314,000	16,656,550	24,970,550
Restricted Investments	-	1,125,000	1,125,000
Total	<u>8,314,000</u>	<u>17,781,550</u>	<u>26,095,550</u>

Fiduciary funds

POOLED INVESTMENTS:

Certificates of deposit	\$ 335,000	\$ 335,000	N/A	101
Total fiduciary investments	<u>\$ 335,000</u>	<u>\$ 335,000</u>		
Grand total investments	<u>\$ 26,765,550</u>	<u>\$ 26,751,116</u>		

(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 \$585,417 comprised of amounts received after year-end for current year taxes.

	<u>Business-type Activities</u>				
	Public Works	Solid Waste	Airport	Industrial Authority	Total
Accounts Receivable	\$ 574,259	\$ 171,499	\$ 11,756	\$ 4,074	\$ 761,588
Less: allowance for uncollectible accounts	-	-	-	-	-
Net accounts receivable	\$ 574,259	\$ 171,499	\$ 11,756	\$ 4,074	\$ 761,588

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2020

(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, 2020 were as follows:

Type of Restricted Assets	Cash and cash equivalents	Investments	Total
Enterprise Funds:			
Public Works Authority			
Revenue Bond Accounts:			
2010 Bonds (trustee account)	\$ 10,910	\$ -	\$ 10,910
2014 bonds (trustee account)	3,336,460	-	3,336,460
2014 bonds	-	1,125,000	1,125,000
Grand total enterprise fund	<u>\$ 3,347,370</u>	<u>\$ 1,125,000</u>	<u>\$ 4,472,370</u>

(D) Capital Assets:

Governmental Activities

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

	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
Land	\$ 992,391	\$ -	\$ -	\$ 992,391
Buildings	10,684,730	3,015		10,687,745
Other improvements	5,973,415	642,584	5,484	6,610,515
Machinery, furniture & equip.	6,728,759	993,399	629,237	7,092,921
Infrastructure	10,651,941	9,975		10,661,916
Construction in process	992,060	83,670	884,387	191,343
	<u>36,023,296</u>	<u>1,732,643</u>	<u>1,519,108</u>	<u>36,236,831</u>
Less accumulated depreciation	<u>16,800,177</u>	<u>1,174,125</u>	<u>627,405</u>	<u>17,346,897</u>
Net property, plant, & equipment	<u>\$ 19,223,119</u>			<u>\$ 18,889,934</u>

Business-Type Activities

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

	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
Land	\$ 2,186,807		\$ -	\$ 2,186,807
Buildings	21,741,517		-	21,741,517
Other improvements	13,306,678	258,697	3,892	13,561,483
Machinery, furniture & equip.	14,208,712	233,869	13,624	14,428,957
Infrastructure	44,542,716	470,666	-	45,013,382
Construction in progress	417,571	681,985	393,346	706,210
	<u>96,404,001</u>	<u>1,645,217</u>	<u>410,862</u>	<u>97,638,356</u>
Less accumulated depreciation	<u>50,734,317</u>	<u>2,041,890</u>	<u>16,825</u>	<u>52,759,382</u>
Net property, plant, & equipment	<u>\$ 45,669,684</u>			<u>\$ 44,878,974</u>

CITY OF CLINTON, OKLAHOMA
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Fixed assets of the Enterprise Funds were comprised of the following at June 30, 2020:

	Public Works Authority	Solid Waste Authority	Airport Authority	Recreation Authority	Industrial Authority	Hospital Authority
Land	\$ 164,305	\$ 84,601	\$ 128,733	\$ 302,000	\$ 1,462,362	\$ 44,806
Buildings	14,334,067	179,823	514,933	253,751	2,760,081	3,698,862
Other Improvements	1,451,234	-	1,443,473	1,510,190	334,604	8,821,982
Machinery, furniture, & equip.	2,272,495	1,708,937	210,347	724,311	294,425	9,218,441
Infrastructure	41,652,441	-	3,120,032	105,163	135,746	-
Construction in progress	706,210	-	-	-	-	-
Less accumulated depreciation	24,950,024	1,355,135	2,642,355	1,511,920	1,412,065	20,887,882
Net property, plant, & equipment	<u>\$ 35,630,728</u>	<u>\$ 618,226</u>	<u>\$ 2,775,163</u>	<u>\$ 1,383,495</u>	<u>\$ 3,575,153</u>	<u>\$ 896,209</u>

Depreciation

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

Governmental Activities		Business-type Activities	
General government:		Water	\$1,140,331
Governing board & administration	\$68,322	Sewer	129,766
Finance	537	Sanitation	62,848
Public safety & judiciary:		Airport	216,217
Legal and courts	620	Golf	127,409
Police	92,919	Healthcare	276,283
Fire	180,861	Economic development	89,036
Inspection/code enforcement	3,115		<u>\$2,041,890</u>
Transportation:			
Street	257,701		
Cultural, parks and recreation:			
Parks & recreation	451,383		
Cemetery	3,236		
Public services:			
Facilities maintenance	114,939		
	<u>\$1,173,633</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, 2020, the long-term debt payable from governmental fund resources consisted of the following:

CAPITAL LEASES PAYABLE:

Capital lease purchase of street sweeper through the Government Capital Corporation dated April 7, 2015 for the lease of property totalling \$172,750. Leased equipment attributable to governmental-type activities includes 2015 TYMCO Model 600 BAH street sweeper. Annual payments of \$31,157 are required under the lease beginning July 15, 2015. Lease matures July , 2020.

\$ 30,747

Capital lease purchase of fire engine through Oklahoma Bank and Trust dated January 31, 2019 for the lease of a Pierce 1000 Saber 2nd Generation Custom Pumper Fire Engine totalling \$568,222. Initial payment of \$125,000 on February 1, 2019 and four annual payments of \$120,786.34 beginning February 1, 2020 are required under the lease. Lease matures February 1, 2023.

338,119

368,866

Business-Type Activities

As of June 30, 2020, the long-term debt payable from enterprise fund resources consisted of the following:

CAPITAL LEASES PAYABLE:

Capital lease purchase of golf carts through the PNC Equipment Finance dated November 14, 2017 for the lease of property totalling \$183,242. Leased equipment attributable to business-type activities includes 30 new golf carts. Monthly payments of \$2,595 are required under the lease beginning January, 2018 with a balloon payment of \$45,000 due in May, 2018. Lease matures April , 2023.

\$ 124,406

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.

98,508

\$ 222,914

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.

28,460,000

Conduit Debt Obligations:

2010A Series Clinton Public Works Educational Facilities Lease Revenue Bonds original issue amount of \$12,660,000, dated August 1, 2010, secured by pledged lease purchase acquisition payments and rental payments on improved property, interest rates ranging from 2.256% to 5.45%, final maturity September 1, 2020. Refer to conduit debt further described below.

5,040,000

Total revenue bonds payable
Add: unamortized premiums
Net revenue bonds payable

33,500,000

234,478

\$ 33,265,522

Conduit Debt

The Clinton Public Works Authority issued \$12,875,000 of revenue bonds during the 2012 fiscal year to finance school improvements approved by voters on March 2, 2010 including classroom additions to Nance, Southwest and Washington schools, cafeteria addition at Southwest, CHS band

CITY OF CLINTON, OKLAHOMA
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room facility, CHS physical education/practice facility, roofing, parking lots, CMS auditorium remodel and other miscellaneous improvements. The Authority entered into a ground lease with the Clinton Public School District to lease the land upon which the improvements were to be constructed. Lease purchase acquisition payments and rental payments derived from the sublease agreement with the District will be assigned to make the debt service payments on the bonds. Upon payment in full of the amounts due under the sublease agreement (September 1, 2020 according to Schedule of Lease Purchase Acquisition Payments for Improvements), possession and ownership of the improvements will then belong to the District. The Authority has no obligation for the debt beyond the funds derived under the lease agreement.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

Type of Debt	Balance at July 1, 2019	Amount Issued	Amount Retired	Balance at June 30, 2020	Due Within One Year
Governmental Fund Debt:					
Capital leases payable	\$ 507,459	\$ -	\$ 138,593	\$ 368,866	\$ 139,536
Total governmental fund debt	<u>\$ 507,459</u>	<u>\$ -</u>	<u>\$ 138,593</u>	<u>\$ 368,866</u>	<u>\$ 139,536</u>
 Enterprise Fund Debt:					
Capital lease payable	\$ 152,142	\$ 103,565	\$ 32,793	\$ 222,914	\$ 46,435
Notes payable	366,134	-	366,134	-	-
Revenue bonds payable	29,170,000	-	710,000	28,460,000	730,000
Conduit debit	5,040,000	-	-	5,040,000	5,040,000
Total enterprise fund debt	<u>\$ 34,728,276</u>	<u>\$ 103,565</u>	<u>\$ 1,108,927</u>	<u>\$ 33,722,914</u>	<u>\$ 5,816,435</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities					
	Leases Payable		Notes and Leases Payable		Revenue Bonds		Conduit Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 139,536	\$ 12,386	\$ 46,435	\$ 7,087	\$ 730,000	\$ 1,025,581	\$ 5,040,000	\$ 274,680
2022	112,672	8,115	48,151	5,370	755,000	1,003,306	-	0
2023	116,658	4,128	90,284	3,195	775,000	976,481	-	-
2024	-	-	21,478	904	805,000	944,881	-	-
2025	-	-	16,566	222	840,000	911,981	-	-
2023-2030	-	-	-	-	4,600,000	4,177,250	-	-
2031-2035	-	-	-	-	5,415,000	3,317,344	-	-
2036-2040	-	-	-	-	6,585,000	2,120,944	-	-
2041-2045	-	-	-	-	7,955,000	710,319	-	-
2046-2050	-	-	-	-	-	-	-	-
Totals	<u>\$ 368,866</u>	<u>\$ 24,629</u>	<u>\$ 222,914</u>	<u>\$ 16,778</u>	<u>\$ 28,460,000</u>	<u>\$ 15,188,087</u>	<u>\$ 5,040,000</u>	<u>\$ 274,680</u>

(F) Interfund Transactions and Balances:

Interfund receivables and payables at June 30, 2020 were as follows:

DUE TO AND DUE FROM:

ENTERPRISE FUNDS:

Public Works Authority:

Industrial Authority

Industrial Authority:

Public Works Authority

GRAND TOTAL

Due From	Due To
-	\$ 2,188
2,188	-
<u>\$ 2,188</u>	<u>\$ 2,188</u>

CITY OF CLINTON, OKLAHOMA
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Operating transfers for the year ended June 30, 2020 were as follows:

OPERATING TRANSFERS:

GENERAL FUND:

	Transfers In	Transfers Out
Public Works Authority (an enterprise fund)	\$ 3,028,914	\$ 2,438,862
Airport Authority (an enterprise fund)	-	60,000
Recreation Authority (an enterprise fund)	-	185,000
Industrial Authority (an enterprise fund)	-	255,826
Total General Fund	<u>3,028,914</u>	<u>2,939,688</u>

SPECIAL REVENUE FUNDS:

4th Cent Sales Tax :

Public Works Authority (an enterprise fund)	-	820,655
Industrial Authority (an enterprise fund)	120,444	360,950
Economic Development Authority (an enterprise fund)	-	235,000
Total Special Revenue Fund	<u>120,444</u>	<u>1,416,605</u>

CAPITAL PROJECTS FUND:

Public Works Authority	916,878	1,218,023
Recreation Authority (an enterprise fund)	51,773	102,426
Industrial Authority (an enterprise fund)	-	6,460
Hospital Authority (an enterprise fund)	112,000	-
Total Capital Project Funds	<u>1,080,651</u>	<u>1,326,909</u>

ENTERPRISE FUNDS:

Clinton Public Works Authority:

General Fund	2,438,862	3,028,914
Capital Projects Fund	1,218,023	916,878
4 th Cent Sales Tax Fund (a special revenue fund)	820,655	-

Clinton Airport Authority:

General Fund	60,000	-
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Clinton Recreation Authority:

General Fund	185,000	-
Capital Projects Fund	102,426	51,773

Clinton Industrial Authority:

General Fund	255,826	-
4 th Cent Sales Tax Fund (a special revenue fund)	100,119	120,444
Capital Projects Fund	6,460	-
Hospital Authority	22,702	-
4 th Cent Sales Tax Fund (a special revenue fund)	260,831	-

Clinton Economic Development Authority:

4 th Cent Sales Tax Fund (a special revenue fund)	235,000	-
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Clinton Hospital Authority:

4 th Cent Sales Tax Fund (a special revenue fund)	-	112,000
Industrial Authority	-	22,702
Total Enterprise Funds	<u>5,705,904</u>	<u>4,252,711</u>

GRAND TOTAL

<u>\$ 9,935,913</u>	<u>\$ 9,935,913</u>
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(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, 20 are as follows:

	Reserved For Debt Service	Reserved Hospital Lease Funds	Total
Enterprise Funds:			
Public Works Authority	\$ 1,666,326	\$ -	\$ 1,666,326
Hospital Authority	-	8,331,250	8,331,250
Total Enterprise Fund	<u>\$ 1,666,326</u>	<u>\$ 8,331,250</u>	<u>\$ 9,997,576</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 6.27% 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, 2020, the following amounts related to the defined contribution plan:

City total payroll	\$3,825,302
Payroll for covered employees	\$2,031,933
Employer (City) contributions made	\$158,936

CMO Plan Description and Funding Policy – The City has also provided a defined contribution plan and trust known as the City of Clinton City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee contributes 2% to the plan and the employer makes a 2.96% contribution to the fund. Contributions to the plan for the year ended June 30, 2020 were \$3,194 on a covered payroll of \$107,368.

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
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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, 2020, the City's contribution was 5.92%. Contributions to the pension plan from the City were \$135,354 for the year ended June 30, 2020.

Membership

Membership in the plan is as follows:

	As of July 1, 2019
Inactive employees & beneficiaries receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	19
Active participants	51
Total	103

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

At June 30, 2020, the City reported an asset of \$938,027 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension 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, 2020, the City recognized pension expense of \$107,025. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 461,203
Changes of assumptions	265,658	-
Net difference between projected and actual earnings on pension plan investments	230,804	208,460
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	135,354	-
Total	\$ 631,816	\$ 669,663

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

Year ended June 30:	
2021	\$ (89,217)
2022	(126,967)
2023	24,609
2024	18,374
2025	-
After	-
	\$ (173,201)

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Actuarial assumptions: The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.07 percent, average
Investment rate of return	7.25 percent, net of pension plan investment expense and inflation

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period ended July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2016 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks - S&P 500	25%	5.80%	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			2.75%
Long term expected return			<u>7.50%</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. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets.

CITY OF CLINTON, OKLAHOMA
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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, 2018	12,274,568	13,285,652	(1,011,084)
Changes for the year:			
Service cost	271,846	-	271,846
Interest	892,781	-	892,781
Differences between expected and actual experience	(304,943)	-	(304,943)
Assumption changes	334,944	-	334,944
Contributions - employer	-	155,073	(155,073)
Contributions - employee	-	108,119	(108,119)
Net investment income	-	885,435	(885,435)
Benefit payments, including refunds of employee contributions	(755,301)	(755,301)	-
Administrative expense	-	(27,056)	27,056
Net changes	<u>439,327</u>	<u>366,270</u>	<u>73,057</u>
Balances at July 1, 2019	<u>\$ 12,713,895</u>	<u>\$ 13,651,922</u>	<u>\$ (938,027)</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)	837,977	(938,027)	(2,396,118)

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

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

Plan Description

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

Under Title 36-312.1 of the State of Oklahoma Statutes, 14% and 34% of taxes collected for insurance premium taxes is allocated and distributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighters Pension Retirement System, respectively. This provides 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.

Reporting

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

Funding Policies, Contribution Methods, & Benefit Provisions

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

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

Actuarial Assumptions

	Police Pension	Firefighters Pension
Valuation date	7/1/18	7/1/18
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level dollar, closed
Amortization period	5 years	30 years
Actuarial asset valuation method	5-year smoothed	An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains losses) for the year ended on the valuation date and assuming a 7.5% interest return. 20% of any (gain) loss is amortized over 5 years. The result is constrained to a value of 80% to 120% of the fair value at the valuation
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5% to 17% average, including inflation	3.5% to 9.0%
Cost of living increases (maximum)	Up to ½ of the increase of any adjustment to the base salary of a regular police officer, based on an increase in base salary	Half of the dollar amount of a 3% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983. No COLA is assumed for members not eligible for this increase
Inflation	2.75%	3.00%
Source of mortality assumptions	RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA	RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA
Experience study	Actuarial assumptions were based upon results of an experience study covering the period July 1, 2012 through June 30, 2017	Actuarial assumptions were based upon results of an experience study covering the period July 1, 2007 through June 30, 2012

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Trend Information

	Police Pension					Fire Pension				
	Actuarially Determined Contribution	City Proportionate Share	City Contributions	% Contributed	State Contribution	Actuarially Determined Contribution	City Proportionate Share	City Contribution	% Contributed	State Contribution
2020	\$36,720,000	\$68,520	\$42,154,000	61520.72%	\$39,559,000	\$150,174,973	\$268,270	\$43,378,922	16169.87%	\$101,700,051
2019	\$32,798,000	\$58,938	\$40,135,000	68096.98%	\$39,028,000	\$155,547,401	\$239,151	\$41,590,815	17391.03%	\$100,333,324
2018	\$51,417,000	\$105,508	\$38,887,000	36856.92%	\$34,283,000	\$141,510,000	\$247,276	\$40,326,000	16308.09%	\$88,133,633
2017	\$45,054,000	\$98,128	\$38,533,000	39268.10%	\$35,915,000	\$139,226,000	\$265,444	\$39,174,000	14757.92%	\$92,330,000
2016	\$63,908,000	\$139,895	\$37,261,000	26634.98%	\$35,490,000	\$142,495,000	\$285,120	\$38,876,000	13634.96%	\$91,236,000
2015	\$90,283,000	\$218,665	\$35,547,000	16256.37%	\$31,329,000	\$162,103,000	\$344,639	\$36,104,000	10475.89%	\$79,545,000

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

Net Pension Asset (Liability)

Proportionate Share

Police Pension

The Police Pension's net pension liability was allocated proportionately to the City of Clinton based on the ratio of the City's actual contributions to the Police pension, relative to the total contributions of the Police pension for the fiscal year ended June 30, 2019. The City's portion for 2019 was 0.1866% compared to 0.1797% for 2018.

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, 2019. The City's portion for 2019 was 0.178638% compared to 0.153748% for 2018.

Net Pension Asset (Liability)

	Police Pension		Firefighters Pension	
	Total	Proportionate Share	Total	Proportionate Share
Total pension liability	(2,612,473,000)	(4,874,875)	(3,892,046,591)	(6,952,674)
Fiduciary net position	2,618,857,000	4,886,789	2,835,380,588	5,065,065
Net pension asset (liability)	6,384,000	11,914	(1,056,666,003)	(1,887,609)

Plan fiduciary net position as a percentage of the total pension liability	100.24%	100.24%	72.85%	72.85%
----------------------------------------------------------------------------	---------	---------	--------	--------

	Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)	
	POLICE	FIRE	POLICE	FIRE	POLICE	FIRE
Beginning balance *	4,694,503	6,869,600	4,783,390	4,858,768	(88,887)	2,010,832
Service cost	120,874	118,338	-	-	120,874	118,338
Interest cost	341,405	507,743	-	-	341,405	507,743
Benefit term changes	-	(59,690)	-	-	-	(59,690)
Differ btwn expected & actual	8,229	(47,262)	-	-	8,229	(47,262)
Assumption changes	-	-	-	-	-	-
Contributions - employer	-	-	78,659	77,491	(78,659)	(77,491)
Contributions - employee	-	-	48,839	48,853	(48,839)	(48,853)
Contributions - State of OK	-	-	73,817	181,675	(73,817)	(181,675)
Net investment income	-	-	195,710	338,256	(195,710)	(338,256)
Benefit payments	(290,137)	(436,055)	(290,137)	(436,055)	-	-
Administrative expense	-	-	(3,490)	(3,923)	3,490	3,923
Ending balance	\$ 4,874,874	\$ 6,952,674	\$ 4,886,788	\$ 5,065,065	\$ (11,914)	\$ 1,887,609

Rate of Return and Discount Rate

Rate of Return

Police Pension

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

Firefighters Pension

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 14.36%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return and Target Allocations

Police Pension

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

Firefighters Pension

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

<u>Police Pension</u>		<u>Firefighters Pension</u>	
	<u>Long-term Expected Rate of Return</u>		<u>Long-term Expected Rate of Return</u>
Fixed income	4.79%	Fixed income	4.38%
Domestic equity	5.74%	Domestic equity	7.41%
International equity	9.19%	International equity	9.82%
Real estate	7.99%	Real estate	7.70%
Private equity	10.20%	Other assets	5.67%
Commodities	3.50%		
	<u>Target Allocation</u>		<u>Target Allocation</u>
US Large Cap Equity	15.00%	Equity	62.00%
Long/Short Equity	15.00%	Fixed Income	20.00%
Private Equity	10.00%	Real Estate	18.00%
US Small/Mid Cap Equity	5.00%		
Emerging Markets Equity	5.00%		
International Equity	10.00%		
Low Volatility Strategies	10.00%		
Global Fixed Income	15.00%		
Real Assets	15.00%		

Discount Rate

Police Pension

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

Firefighters Pension

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

		Police Pension		Firefighters Pension
	<u>Rate</u>	Net Pension <u>Asset(Liability)</u>	<u>Rate</u>	Net Pension <u>Asset(Liability)</u>
1% decrease	6.5%	(507,470)	6.5%	(2,437,432)
Current single discount rate	7.5%	11,914	7.5%	(1,887,609)
1% increase	8.5%	451,057	8.5%	(1,283,846)

Other Post-Employment Benefits

For the year ended June 30, 2020, 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.

Clinton Public School District Lease

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

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2020
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	\$ 2,510,000	\$ -	\$ 2,510,000	\$ 2,953,912	\$ 443,912
Use taxes	300,000	-	300,000	701,788	401,788
Hotel/motel taxes	360,000	-	360,000	242,165	(117,835)
E911 taxes	100,000	-	100,000	100,020	20
Franchise taxes	369,000	-	369,000	348,594	(20,406)
Cigarette taxes	45,000	-	45,000	51,410	6,410
Licenses and permits	51,600	-	51,600	62,096	10,496
Oil & gas royalties	21,000	-	21,000	99,831	78,831
Fines and forfeitures	90,000	-	90,000	83,957	(6,043)
Investment income	40,000	-	40,000	65,621	25,621
Charges for services	224,650	-	224,650	223,953	(697)
Rental income	25,000	-	25,000	19,845	(5,155)
Intergovernmental	228,500	-	228,500	253,734	25,234
Intracity fees	641,571	-	641,571	641,518	(53)
Miscellaneous	15,200	-	15,200	94,444	79,244
Total revenues before carryover	5,021,521	-	5,021,521	5,942,888	921,367
Budgeted carryover (1)	3,037,595	-	3,037,595	3,037,595	-
Total revenues and budgeted carryover	8,059,116	-	8,059,116	8,980,483	921,367
EXPENDITURES					
Current:					
General government:					
Governing board and administration					
Personal services	441,182	-	441,182	429,571	11,611
Materials & supplies	8,900	-	8,900	6,145	2,755
Other services & charges	245,320	-	245,320	222,154	23,166
Finance					
Personal services	287,345	-	287,345	286,683	662
Materials & supplies	4,100	-	4,100	4,506	(406)
Other services & charges	83,355	-	83,355	73,615	9,740
Total general government	1,070,202	-	1,070,202	1,022,674	47,528
Public safety and judiciary:					
Legal and courts					
Personal services	95,851	3,000	98,851	99,039	(188)
Materials & supplies	1,300	-	1,300	399	901
Other services & charges	4,565	-	4,565	3,179	1,386
Police					
Personal services	1,615,727	32,000	1,647,727	1,622,053	25,674
Materials & supplies	70,200	-	70,200	63,797	6,403
Other services & charges	46,011	-	46,011	45,879	132
Fire					
Personal services	870,380	9,000	879,380	876,707	2,673
Materials & supplies	62,500	3,000	65,500	60,454	5,046
Other services & charges	72,210	(5,000)	67,210	53,079	14,131
Inspection/code enforcement					
Personal services	66,923	-	66,923	65,949	974
Materials & supplies	3,000	-	3,000	1,150	1,850
Other services & charges	115,000	(42,000)	73,000	54,381	18,619
Total public safety and judiciary	3,023,667	-	3,023,667	2,946,066	77,601
Transportation:					
Street					
Personal services	99,753	-	99,753	92,251	7,502
Materials & supplies	60,950	-	60,950	35,992	24,958
Other services & charges	137,100	-	137,100	133,408	3,692
Total transportation	297,803	-	297,803	261,651	36,152
Cultural, parks and recreation:					
Parks and recreation					
Personal services	319,829	-	319,829	261,916	57,913
Materials & supplies	146,400	-	146,400	106,418	39,982
Other services & charges	178,750	-	178,750	172,860	5,890
Cemetery					
Personal services	105,003	-	105,003	106,409	(1,406)
Materials & supplies	24,800	-	24,800	13,360	11,440
Other services & charges	9,675	-	9,675	9,015	660
Total cultural, parks and recreation	784,457	-	784,457	669,978	114,479

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2020
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Public Services:					
Facilities maintenance					
Personal services	18,102	-	18,102	11,834	6,268
Materials & supplies	35,875	-	35,875	28,899	6,976
Other services & charges	192,700	-	192,700	184,931	7,769
Total public services	<u>246,677</u>	<u>-</u>	<u>246,677</u>	<u>225,664</u>	<u>21,013</u>
Total expenditures	<u>5,422,806</u>	<u>-</u>	<u>5,422,806</u>	<u>5,126,033</u>	<u>296,773</u>
Revenue over (under) expenditures	2,636,310	-	2,636,310	3,854,450	1,218,140
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	3,296,000	-	3,296,000	3,028,914	(267,086)
Operating transfers out	<u>(3,141,000)</u>	<u>-</u>	<u>(3,141,000)</u>	<u>(2,939,688)</u>	<u>201,312</u>
Net other financing sources (uses)	<u>155,000</u>	<u>-</u>	<u>155,000</u>	<u>89,226</u>	<u>(65,774)</u>
Revenues and other financing sources over (under) expenditures and other uses	2,791,310	-	2,791,310	3,943,676	1,152,366
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,553,309	-	1,553,309	2,902,150	1,348,841
Less budgeted carryover (1)	<u>(3,037,595)</u>	<u>-</u>	<u>(3,037,595)</u>	<u>(3,037,595)</u>	<u>-</u>
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 1,307,024</u>	<u>\$ -</u>	<u>\$ 1,307,024</u>	<u>\$ 3,808,231</u>	<u>\$ 2,501,207</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(84,245)	
Expenditure and transfer accruals				(20,524)	
Fund balance at end of year (GAAP basis)				<u>\$ 3,703,462</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

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

Oklahoma Police Pension Retirement Plan

	<u>2019*</u>	<u>2020*</u>
City's portion of the net pension liability (asset)	0.1797%	0.1866%
City's proportionate share of the net pension liability (asset)	\$ (85,605)	\$ (11,914)
City's covered-employee payroll	\$ 548,169	\$ 606,892
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.62%	-1.96%
Plan fiduciary net position as a percentage of the total pension liability	101.89%	100.24%

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

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Police Pension Retirement Plan

	<u>2019*</u>	<u>2020*</u>
Contractually required contribution	\$ 71,262	\$ 78,896
Contributions in relation to the contractually required contribution	<u>(71,262)</u>	<u>(78,896)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 548,169	\$ 606,892
Contributions as a percentage of covered-employee payroll	13.00%	13.00%

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

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

Oklahoma Fire Pension Retirement Plan

	<u>2019*</u>	<u>2020*</u>
City's portion of the net pension liability (asset)	0.153748%	0.178638%
City's proportionate share of the net pension liability (asset)	\$ 1,730,658	\$ 1,887,609
City's covered-employee payroll	\$ 457,279	\$ 552,421
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	378%	342%
Plan fiduciary net position as a percentage of the total pension liability	70.73%	72.85%

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

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Fire Pension Retirement Plan

	<u>2019*</u>	<u>2020*</u>
Contractually required contribution	\$ 64,019	\$ 77,339
Contributions in relation to the contractually required contribution	<u>(64,019)</u>	<u>(77,339)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 457,279	\$ 552,421
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

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

Oklahoma Municipal Retirement Fund
SINCE INITIAL APPLICATION

	2019*	2020*
Total pension liability		
Service cost	\$ 282,813	\$ 271,846
Interest	873,414	892,781
Changes in benefit terms	-	-
Differences between expected and actual experience	(275,598)	(304,943)
Changes in assumptions	-	334,944
Benefit payments, including refunds of employee contributions	(494,217)	(755,301)
Net change in total pension liability	\$ 386,412	\$ 439,327
Total pension liability - beginning	11,888,156	12,274,568
Total pension liability - ending (a)	<u>\$ 12,274,568</u>	<u>\$ 12,713,895</u>
Plan fiduciary net position		
Contributions - employer	178,161	155,073
Contributions - employee	100,574	108,119
Net investment income	926,757	885,435
Benefit payments, including refunds of employee contributions	(494,217)	(755,301)
Administrative expense	(25,987)	(27,056)
Other	-	-
Net change in plan fiduciary net position	685,288	366,270
Plan fiduciary net position - beginning	12,600,364	13,285,652
Plan fiduciary net position - ending (b)	<u>\$ 13,285,652</u>	<u>\$ 13,651,922</u>
City's net pension liability - ending (a) - (b)	<u>\$ (1,011,084)</u>	<u>\$ (938,027)</u>
Plan fiduciary net position as a percentage of the total pension liability	108.24%	107.38%
Covered-employee payroll	\$ 1,911,721	\$ 1,962,487
City's net pension liability as a percentage of covered-employee payroll	-52.89%	-47.80%



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

The Honorable Mayor and City Council
City of Clinton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clinton, Oklahoma, as of and for the year ended June 30, 2020, 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 9, 2020.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Clinton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 9, 2020