

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

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2015**

THE CITY OF CLINTON, OKLAHOMA
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**CITY OF CLINTON, OKLAHOMA
YEAR ENDED JUNE 30, 2015
LIST OF PRINCIPAL OFFICIALS**

MAYOR
Seth Adams

COUNCIL MEMBERS
Jason Hulin
Don Rodolph
Wheeler Lowry
Lucas Martinez

CITY MANAGER
Mark Skiles

CITY CLERK
Lisa Anders

CITY TREASURER
Debra Blanchard



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

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, 2015, 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 of 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, 2015, 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.

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Required Supplementary Information

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

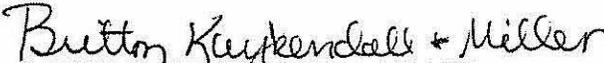
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton, Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2015, on our consideration of City of Clinton, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Clinton, Oklahoma's internal control over financial reporting and compliance.


BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 14, 2015

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, 2015. 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 \$55,203,487 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$52,437,745 (restated).
- Total liabilities of the City increased by \$28,984,119 to \$51,064,147 mainly due to issuance of \$29,450,000 of bonds to build a water treatment plant.
- Total net assets are comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$36,310,373 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$9,325,002 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$9,568,112 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$6,521,275 this year. This compares to the prior year ending fund balance of \$7,177,978 showing a decrease of \$656,703 which includes a restatement of \$423,752 from prior years.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,847,652, or 32.27% of total General Fund expenditures including transfers and 33.47% 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 \$55,203,487. This is a net increase of \$2,765,742 (including a restatement of \$3,280,882) over last year's net position of \$52,437,745. 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
	2015	2014	2015	2014	2015	2014		
Current and other assets	\$ 7,891,297	\$ 8,260,594	\$ 41,111,643	\$ 14,672,748	\$ 49,002,940	\$ 22,933,342	\$ 26,069,598	53.2%
Other noncurrent assets	1,046,920	31,297	10,580,921	12,477,820	11,627,841	12,509,117	\$ (881,276)	-7.6%
Capital assets	20,603,944	19,056,362	25,732,931	22,964,456	46,336,875	42,020,818	\$ 4,316,057	9.3%
Total assets	29,542,161	27,348,253	77,425,495	50,115,024	106,967,656	77,463,277	\$ 29,504,379	27.6%
Deferred outflows of resources	469,103	-	220,005	366,675	689,108	366,675	322,433	46.8%
Long-term liabilities	2,338,793	2,896,710	44,890,181	17,072,647	47,228,974	19,969,357	\$ 27,259,617	57.7%
Other liabilities	1,383,094	1,492,528	2,452,079	3,930,322	3,835,173	5,422,850	\$ (1,587,677)	-41.4%
Total liabilities	3,721,887	4,389,238	47,342,260	21,002,969	51,064,147	25,392,207	\$ 25,671,940	50.3%
Deferred inflows of resources	1,389,130	-	-	-	1,389,130	-	1,389,130	100.0%
Net position:								
Invested in capital assets, net of related debt	20,431,194	19,056,362	15,879,179	15,070,386	36,310,373	34,126,748	\$ 2,183,625	6.0%
Restricted	109,792	104,149	9,215,210	8,745,858	9,325,002	8,850,007	\$ 474,995	5.1%
Unrestricted	4,359,261	3,798,504	5,208,851	5,662,486	9,568,112	9,460,990	\$ 107,122	1.1%
Total net position	\$ 24,900,247	\$ 22,959,015	\$ 30,303,240	\$ 29,478,730	\$ 55,203,487	\$ 52,437,745	\$ 2,765,742	5.0%

The City reported positive balances in net assets for governmental activities, noting an increase of \$1,941,232 (less a restatement of \$3,280,882). The most significant change is the net pension obligation recorded in governmental funds- the financials reflect a net pension liability of \$1,139,401. Business-type activities net assets increased \$824,510.

On June 14, 2011, City voters approved a special purpose sales tax of .95 cents for the purposes of the Acme Brick Park debt service, police and fire department construction, and economic development. The tax became effective October 1, 2011, and continues through August 31, 2019.

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:

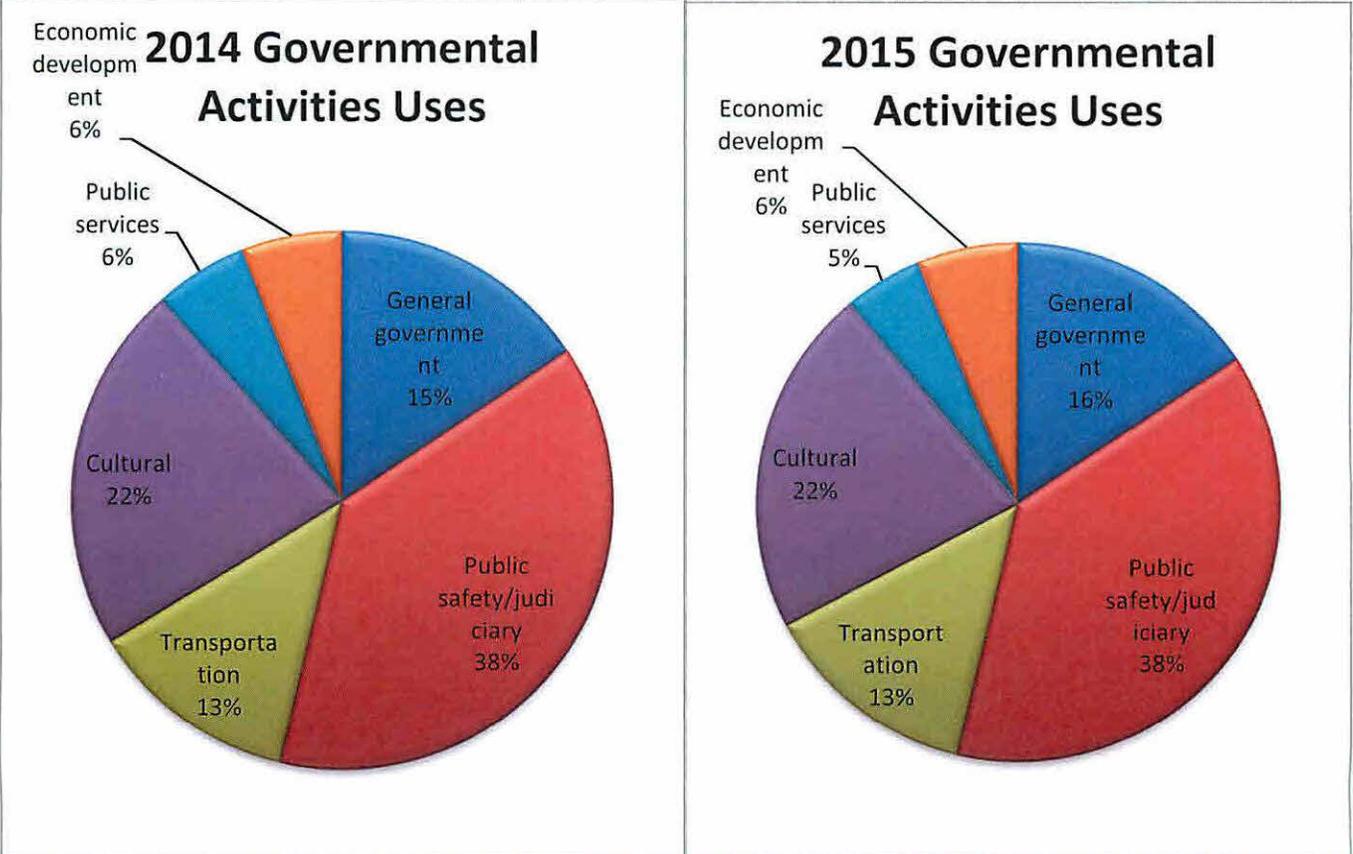
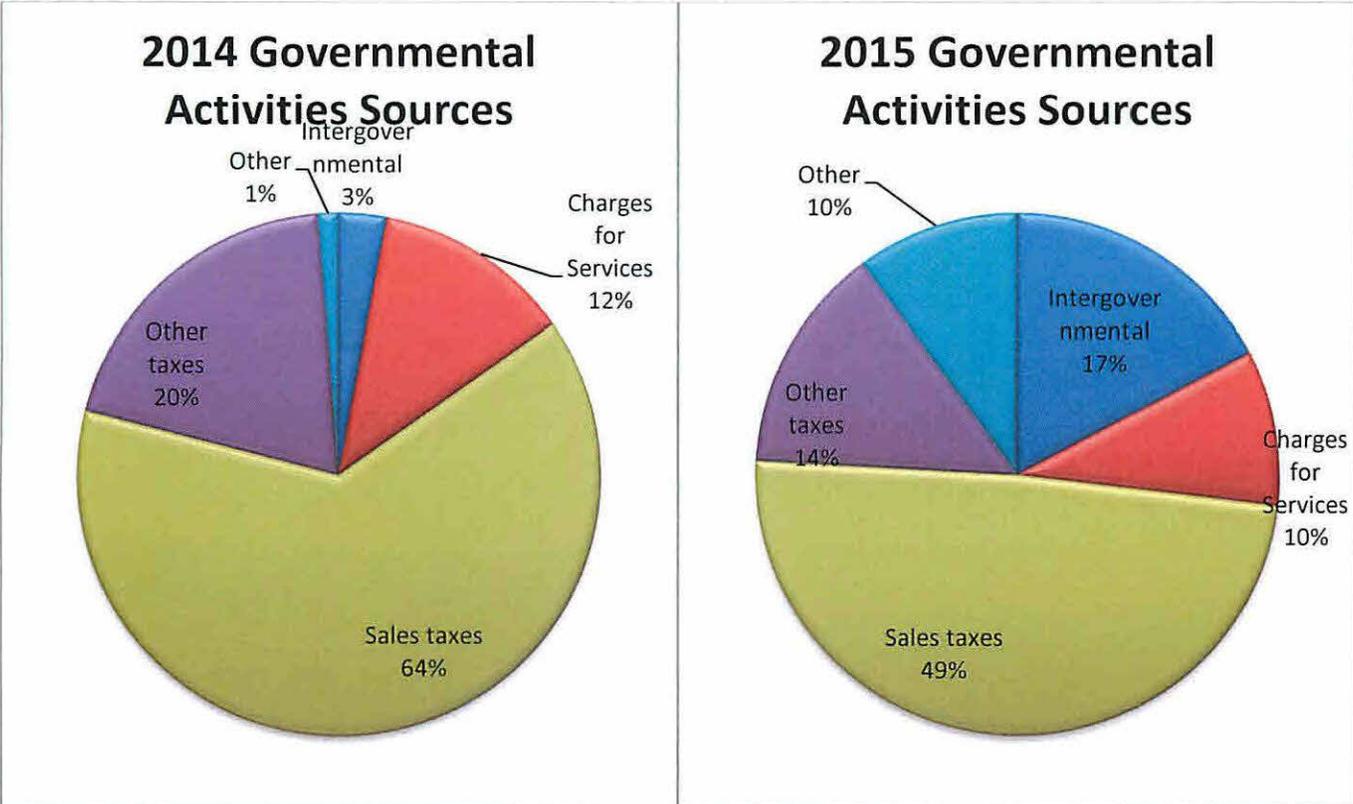
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2015	2014	2015	2014	2015	2014		
Revenues								
Program Revenues								
Charges for services	\$ 1,088,145	\$ 1,106,641	\$ 7,430,165	\$ 6,642,901	\$ 8,518,310	\$ 7,749,542	\$ 768,768	10%
Operating grants and contributions	125,593	155,932	192,448	200,987	318,041	356,919	(38,878)	-11%
Capital grants and contributions	1,833,693	113,094	929,490	517,000	2,763,183	630,094	2,133,089	339%
General Revenues								
Sales taxes	5,549,113	5,762,730	-	-	5,549,113	5,762,730	(213,617)	-4%
Use taxes	510,224	702,495	-	-	510,224	702,495	(192,271)	-27%
Hotel/motel taxes	379,252	409,545	-	-	379,252	409,545	(30,293)	-7%
Property tax (TIF)	116,690	117,388	-	-	116,690	117,388	(698)	0%
E-911 taxes	100,020	96,836	-	-	100,020	96,836	3,184	3%
Franchise taxes (fees)	386,111	338,546	-	-	386,111	338,546	47,565	14%
Cigarette taxes	66,365	68,666	-	-	66,365	68,666	(2,301)	-3%
Other taxes	56,046	54,768	-	-	56,046	54,768	1,278	2%
Oil & gas royalties	297,851	58,294	78,564	202,607	376,415	260,901	115,514	44%
Investment income	70,187	87,203	153,681	141,773	223,868	228,976	(5,108)	-2%
Other	13,760	15,998	1,069	927	14,829	16,925	(2,096)	-12%
Pension change	797,702	-	-	-	797,702	-	797,702	
Penalties	-	-	67,062	62,912	67,062	62,912	4,150	7%
Gain on disposal of assets	(42,280)	(47,129)	(1,028)	(49,546)	(43,308)	(96,675)	53,367	-55%
Transfers - internal activity	(1,973,948)	1,596,038	1,973,948	(1,596,038)	-	-	-	0%
Total Revenues	\$ 9,374,524	\$ 10,637,045	\$ 10,825,399	\$ 6,123,523	\$ 20,199,923	\$ 16,760,568	\$ 3,439,355	17%
Expenses								
General government	\$ 1,167,059	\$ 1,195,833	\$ -	\$ -	\$ 1,167,059	\$ 1,195,833	\$ (28,774)	-2%
Public safety/judiciary	2,825,331	2,921,260	-	-	2,825,331	2,921,260	(95,929)	-3%
Transportation	1,006,038	967,077	-	-	1,006,038	967,077	38,961	4%
Cultural, parks, recreation	1,610,751	1,698,681	-	-	1,610,751	1,698,681	(87,930)	-5%
Public services	359,960	431,867	-	-	359,960	431,867	(71,907)	-17%
Water	-	-	4,536,212	3,788,487	4,536,212	3,788,487	747,725	20%
Sewer	-	-	1,389,284	1,243,012	1,389,284	1,243,012	146,272	12%
Sanitation	-	-	1,344,270	1,336,008	1,344,270	1,336,008	8,262	1%
Airport	-	-	374,092	420,815	374,092	420,815	(46,723)	-11%
Golf	-	-	556,718	600,239	556,718	600,239	(43,521)	-7%
Parks & recreation	-	-	17,375	52,975	17,375	52,975	(35,600)	-67%
Healthcare	-	-	589,226	646,891	589,226	646,891	(57,665)	-9%
Education	-	-	558,003	582,398	558,003	582,398	(24,395)	-4%
Economic development	464,153	459,477	635,709	689,825	1,099,862	1,149,302	(49,440)	-4%
Total Expenses	\$ 7,433,292	\$ 7,674,195	\$ 10,000,889	\$ 9,360,650	\$ 17,434,181	\$ 17,034,845	\$ 399,336	2%
Increase (decrease) in net position	\$ 1,941,232	\$ 2,962,850	\$ 824,510	\$ (3,237,127)	\$ 2,765,742	\$ (274,277)	3,040,019	-1108%

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, 2015, the City's governmental activities were funded as follows:



Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resource focus. This is useful in assessing resources available at the end of the year in comparison with up coming financing requirements. Governmental funds reported ending fund balances of \$6,521,275. Of this year end total \$2,847,652 is unreserved indicating availability for continuing City service requirements. Restricted fund balances include: \$109,792 committed to cemetery capital improvements, \$584 for economic development and \$1,234,532 for capital projects.

The total ending fund balances of governmental funds showed a decrease of \$656,703 (which includes a prior period restatement of \$423,752) over the prior year. This decrease is primarily attributable to the general fund and 4th cent sales tax fund offset by the capital improvement fund.

Major Governmental Funds

The General Fund is the City's primary operating fund. The fund balance of the primary operating fund of the City decreased by \$741,609 (which includes a prior period restatement of \$423,752) from \$3,589,261 to \$2,847,652. Key factors contributing to this decrease included a decrease in sales and use tax.

The Capital Improvement Fund has an ending fund balance of \$1,234,532. The fiscal year end included a net increase of \$366,204 in the Capital Improvement Fund. The change in Capital Improvement Fund is largely due to dedicated sales tax and recognizing the federal share of the Chapman Road project.

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

Proprietary funds

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

Major Proprietary Funds

The Public Works Authority (PWA) accounts for activities in providing water and wastewater services to the public. The increase in net position for the PWA Fund was \$812,129. This increase is attributable to a net loss before transfers of \$267,088 offset by net transfers in of \$1,079,217.

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 \$179,113.

The Clinton Airport Authority accounts for providing airport facilities to the public. The increase in net position for the Airport Authority was \$93,560. The net operating loss of \$203,369 for the fiscal year was offset by grants and oil and gas royalties received.

The Recreation Trust Authority accounts for the financing, development, and operation of recreational facilities which currently includes only the golf course. The decrease in net position of the Recreation Trust Authority was \$81,967.

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 \$415,498 which is mainly due to depreciation in the amount of \$575,504. The hospital is currently leased to Alliance Health Clinton so the fund activity will mainly consist of the \$125,000 annual lease payment from the hospital, interest income on investments, and the depreciation on the assets leased to Alliance Health.

The Industrial Authority accounts for the activities in promoting industrial development within the City of Clinton. The increase in net position for the Industrial Authority was \$235,659. The increase is mainly due to net transfers from other funds of \$725,373 (General Fund and 4th Cent Sales Tax Fund).

General Fund Budgetary Highlights

The General Fund Budget for fiscal year 2015 was \$6,112,139. The General Fund budget complied with the financial policies approved by the City Council and maintained core City services.

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, 2015, was \$20,603,944 and \$25,732, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2015	2014	2015	2014	2015	2014		
Non-Depreciable Assets:								
Land	\$ 992,391	\$ 1,001,766	\$ 2,077,781	\$ 1,975,122	\$ 3,070,172	\$ 2,976,888	\$ 93,284	3%
Construction in Progress	-	848,644	3,424,463	592,691	3,424,463	1,441,335	\$ 1,983,128	58%
Depreciable Assets:								
Buildings	10,588,763	10,564,187	8,065,034	7,957,517	18,653,797	18,521,704	\$ 132,093	1%
Other improvements	5,660,872	5,578,731	12,664,062	11,747,686	18,324,934	17,326,417	\$ 998,517	5%
Machinery, furniture & equipment	6,028,667	5,708,219	13,460,335	13,163,700	19,489,002	18,871,919	\$ 617,083	3%
Infrastructure	9,856,706	7,123,851	31,106,664	30,998,422	40,963,370	38,122,273	\$ 2,841,097	7%
Less accumulated depreciation	12,523,455	11,769,036	45,065,408	43,470,682	57,588,863	55,239,718	\$ 2,349,145	4%
Total	\$ 20,603,944	\$ 19,056,362	\$ 25,732,931	\$ 22,964,456	\$ 46,336,875	\$ 42,020,818	\$ 4,316,057	9%

Long-term debt

At year-end, the City had \$48,212,420 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	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ -	\$ -	\$ 43,300,000	\$ 16,545,000	\$ 43,300,000	\$ 16,545,000
Notes payable/capital lease	172,750	-	3,270,035	3,919,695	3,442,785	3,919,695
subtotal	172,750	-	46,570,035	20,464,695	46,742,785	20,464,695
less current portion	(30,161)	-	(1,928,294)	(3,348,264)	(1,958,455)	(3,348,264)
Totals	\$ 142,589	\$ -	\$ 44,641,741	\$ 17,116,431	\$ 44,784,330	\$ 17,116,431

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, 2015, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2015 Actual Budget Basis	FYE 2014 Actual Budget Basis	Increase/ (Decrease) from FYE 2014	Percent Increase/ (Decrease)
Revenues				
Sales taxes	\$ 2,778,319	\$ 2,872,741	\$ (94,422)	-3%
Use taxes	513,783	751,554	(237,771)	-46%
Hotel/motel taxes	362,519	331,360	31,159	9%
E911 taxes	100,020	96,836	3,184	3%
Franchise taxes	382,659	342,533	40,126	10%
Cigarette taxes	65,916	69,876	(3,960)	-6%
Licenses and permits	40,647	50,539	(9,892)	-24%
Oil and gas royalties	297,851	58,294	239,557	80%
Fines and forfeitures	134,211	138,779	(4,568)	-3%
Investment income	24,322	23,543	779	3%
Charges for services	300,977	334,567	(33,590)	-11%
Rental income	20,075	20,682	(607)	-3%
Intergovernmental	164,602	187,283	(22,681)	-14%
Intracity fees	568,925	532,640	36,285	6%
Miscellaneous	16,945	34,139	(17,194)	-101%
Total Revenues	\$ 5,771,771	\$ 5,845,366	\$ (73,595)	-1%
Expenditures				
Governing board & admin	\$ 694,419	\$ 768,081	\$ 73,662	11%
Finance	395,379	381,936	(13,443)	-3%
Legal & courts	130,358	134,706	4,348	3%
Police	1,443,333	1,492,991	49,658	3%
Fire	875,551	934,401	58,850	7%
Inspection/code enforcement	121,098	70,177	(50,921)	-42%
Street	502,318	489,969	(12,349)	-2%
Parks & recreation	1,029,519	1,041,822	12,303	1%
Cemetery	116,537	112,995	(3,542)	-3%
Facilities maintenance	243,376	274,767	31,391	13%
Total Expenditures	\$ 5,551,888	\$ 5,701,845	\$ 149,957	3%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

According to the Oklahoma Economic Report, gross receipts for the State began falling during the fiscal year; the trend is expected to continue as the lower market prices for oil and natural gas noted further decline. The state is bracing for the impact on the economy. It is expected that the sluggish returns will also impact the local economy. The City's goal is to build reserves and invest in the future. The City has some obligations that it must maintain with past projects and purchases. The City must continue to make prudent financial management decisions and continue to progress, reinvest in infrastructure, and continue to plan for the long-term quality of future generations in Clinton. Serving the public trust requires the best possible balance of allocation to meet the varied needs of all citizens. The budget provides a framework for us to accomplish our mission, which is 'to create, enhance, and preserve a human natural and economic environment which fosters our community's unique quality of life in

Clinton." The budget also reflects our core City organization values of integrity, teamwork, service excellence, personal growth, and innovation.

The following are highlights from the 2015-2016 budget:

The budget reflects that it will be a challenging year considering the statewide slump in the Oklahoma economy and the water restrictions and the negative effect that both have on the City's revenue streams. Increasing the City's water supply will have a dual effect on the City's financial position: minimizing/eliminating water restrictions will increase City revenues while decreasing/eliminating the expense associated with the Foss overage. The City has been evaluating/implementing cross department collaboration which will result in an increase in financial efficiency while maintaining level of service.

The City budget provides the financial resources necessary to continue the current level of City services, meet the increasing demand of infrastructure issues, and position the community for continued growth.

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, 2015

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 744,614	\$ 1,008,124	\$ 1,752,738
Investments	6,135,000	12,888,838	19,023,838
Interest receivable	6,335	177,763	184,098
Accounts receivable (net)	32,624	674,051	706,675
Internal balances	383,901	(383,901)	-
Receivable from other governments	538,278	-	538,278
Prepaid expenses	50,545	65,274	115,819
Total current assets	7,891,297	14,430,149	22,321,446
Restricted assets:			
Cash	-	26,681,494	26,681,494
Investments	-	-	-
Total restricted assets	-	26,681,494	26,681,494
Noncurrent Assets:			
Pension asset	1,046,920	-	1,046,920
Notes receivable	-	10,580,921	10,580,921
Land and construction in progress	992,391	5,502,244	6,494,635
Other capital assets (net of accumulated depreciation)	19,611,553	20,230,687	39,842,240
Total noncurrent assets	21,650,864	36,313,852	57,964,716
Total assets	29,542,161	77,425,495	106,967,656
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	469,103	-	469,103
Deferred charge on refunding	-	220,005	220,005
	469,103	220,005	689,108
LIABILITIES			
Current liabilities:			
Accounts payable	21,650	112,594	134,244
Wages and benefits payable	154,287	39,038	193,325
Accrued interest payable	-	18,861	18,861
Compensated absences, current	220,309	65,985	286,294
Due to other governments	956,687	-	956,687
Notes payable, current	30,161	673,294	703,455
Total current liabilities	1,383,094	909,772	2,292,866
Liabilities payable from restricted assets:			
Accrued interest payable	-	287,307	287,307
Bonds payable, current	-	1,255,000	1,255,000
Total liabilities payable from restricted assets	-	1,542,307	1,542,307
Noncurrent liabilities:			
Pension liability	2,186,321	-	2,186,321
Other accrued liabilities	9,883	-	9,883
Notes payable, non-current	142,589	2,596,741	2,739,330
Bonds payable, non-current	-	42,045,000	42,045,000
Unamortized bond discount/premium	-	248,440	248,440
Bonds payable, net of unamortized discount/premium	-	42,293,440	42,293,440
Total noncurrent liabilities	2,338,793	44,890,181	47,228,974
Total liabilities	3,721,887	47,342,260	51,064,147
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,389,130	-	1,389,130
NET POSITION			
Net investment in capital assets	20,431,194	15,879,179	36,310,373
Restricted for:			
Cemetery care	109,792	-	109,792
Hospital investment	-	8,206,250	8,206,250
Debt obligations	-	1,008,960	1,008,960
Unrestricted	4,359,261	5,208,851	9,568,112
Total net position	\$ 24,900,247	\$ 30,303,240	\$ 55,203,487

City of Clinton, Oklahoma
Statement of Activities
June 30, 2015

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	\$ 768,368	\$ 414,330	\$ 2,500	\$ -	\$ (351,538)
Finance	398,691	227,570	-	-	(171,121)
Total general government	<u>1,167,059</u>	<u>641,900</u>	<u>2,500</u>	<u>-</u>	<u>(522,659)</u>
Public safety and judiciary:					
Legal & courts	128,173	-	-	-	(128,173)
Police	1,537,411	137,456	9,880	1,500	(1,388,575)
Fire	1,039,643	4,453	4,485	143,000	(887,705)
Inspection/code enforcement	120,104	1,250	-	-	(118,854)
Total public safety and judiciary	<u>2,825,331</u>	<u>143,159</u>	<u>14,365</u>	<u>144,500</u>	<u>(2,523,307)</u>
Transportation:					
Streets	1,006,038	-	89,528	1,661,022	744,512
Total transportation	<u>1,006,038</u>	<u>-</u>	<u>89,528</u>	<u>1,661,022</u>	<u>744,512</u>
Cultural, parks and recreation:					
Parks & recreation	1,489,691	226,407	-	10,300	(1,252,984)
Cemetery	121,060	60,941	-	-	(60,119)
Total cultural, parks and recreation	<u>1,610,751</u>	<u>287,348</u>	<u>-</u>	<u>10,300</u>	<u>(1,313,103)</u>
Public services:					
Facilities maintenance	359,960	15,738	19,200	17,871	(307,151)
Total public services	<u>359,960</u>	<u>15,738</u>	<u>19,200</u>	<u>17,871</u>	<u>(307,151)</u>
Economic development:					
Economic development	464,153	-	-	-	(464,153)
Total governmental activities	<u>7,433,292</u>	<u>1,088,145</u>	<u>125,593</u>	<u>1,833,693</u>	<u>(4,385,861)</u>
Business-type activities:					
Water	4,536,212	3,778,833	-	-	(757,379)
Sewer	1,389,284	1,498,382	-	-	109,098
Sanitation	1,344,270	1,478,852	-	-	134,582
Airport	374,092	170,725	-	217,715	14,348
Golf	556,718	269,004	-	-	(287,714)
Parks and recreation	17,375	-	-	-	(17,375)
Healthcare	589,226	125,000	-	-	(464,226)
Education	558,003	4,690	192,448	711,775	350,910
Economic development	635,709	104,679	-	-	(531,030)
Total business-type activities	<u>10,000,889</u>	<u>7,430,165</u>	<u>192,448</u>	<u>929,490</u>	<u>(1,448,786)</u>
Total	<u>\$ 17,434,181</u>	<u>\$ 8,518,310</u>	<u>\$ 318,041</u>	<u>\$ 2,763,183</u>	<u>\$ (5,834,647)</u>

(Continued)

City of Clinton, Oklahoma
Statement of Activities
June 30, 2015

Changes in Net Position:

(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (4,385,861)	\$ (1,448,786)	\$ (5,834,647)
General revenues:			
Taxes:			
Sales tax	5,549,113	-	5,549,113
Use tax	510,224	-	510,224
Hotel/Motel tax	379,252	-	379,252
Property tax (TIF)	116,690	-	116,690
E-911 tax	100,020	-	100,020
Franchise taxes	386,111	-	386,111
Cigarette tax	66,365	-	66,365
Alcoholic beverage tax	56,046	-	56,046
Oil and gas royalties	297,851	78,564	376,415
Investment income	70,187	153,681	223,868
Penalties	-	67,062	67,062
Gain (loss) on disposal of assets	(42,280)	(1,028)	(43,308)
Pension change	797,702	-	797,702
Miscellaneous	13,760	1,069	14,829
Transfers-Internal activity	(1,973,948)	1,973,948	-
Total general revenues and transfers	<u>6,327,093</u>	<u>2,273,296</u>	<u>8,600,389</u>
Change in net position	1,941,232	824,510	2,765,742
Net position-beginning	26,239,897	29,478,730	55,718,627
Restatement	(3,280,882)	-	(3,280,882)
Net position-ending	<u>\$ 24,900,247</u>	<u>\$ 30,303,240</u>	<u>\$ 55,203,487</u>

City of Clinton, Oklahoma
Balance Sheet
June 30, 2015

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	Industrial Authority TIF Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
ASSETS							
Cash, including time deposits	\$ 76,267	\$ 45,611	\$ 575,639	\$ -	\$ 28,871	\$ 10,877	\$ 737,065
Investments	3,753,000	1,046,000	1,225,000	-	81,000	30,000	6,135,000
Interest receivable	3,790	675	1,749	-	121	-	6,335
Accounts receivable	-	32,624	-	-	-	-	32,624
Due from other funds	-	-	382,371	382,955	-	-	765,326
Receivable from other governments	324,515	109,622	104,141	-	-	-	538,278
Prepaid expenses	49,545	-	-	-	-	1,000	50,545
Total assets	\$ 4,207,117	\$ 1,234,532	\$ 2,288,900	\$ 382,955	\$ 109,792	\$ 41,877	\$ 8,113,504
LIABILITIES							
Accounts payable	\$ 19,444	\$ -	\$ -	\$ -	\$ -	\$ 2,062	\$ 21,506
Wages and benefits payable	153,142	-	-	-	-	-	153,142
Compensated absences, current	220,309	-	-	-	-	-	220,309
Due to other funds	-	-	-	382,371	-	-	382,371
Due to other governments	956,687	-	-	-	-	-	956,687
Other accrued liabilities	9,883	-	-	-	-	-	9,883
Total liabilities	1,359,465	-	-	382,371	-	2,062	1,743,898
FUND BALANCES							
Restricted for:							
Cemetery care	-	-	-	-	109,792	-	109,792
Capital projects	-	1,234,532	-	-	-	-	1,234,532
Economic development	-	-	-	584	-	-	584
Special revenue funds	-	-	2,288,900	-	-	39,815	2,328,715
Unassigned	2,847,652	-	-	-	-	-	2,847,652
Total fund balances	2,847,652	1,234,532	2,288,900	584	109,792	39,815	6,521,275
Total liabilities and fund balances	\$ 4,207,117	\$ 1,234,532	\$ 2,288,900	\$ 382,955	\$ 109,792	\$ 41,877	\$ 8,113,504
Total fund balance - total governmental funds							6,521,275
Amounts reported for governmental activities in the statement of net assets are different because:							
Land and capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.							
						992,391	
						32,135,007	
						(12,523,454)	20,603,944
Long-term liabilities are not due and payable in the current period and are not reported in the funds.							
							(172,750)
							1,046,920
							469,103
							(2,186,321)
							(1,389,130)
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.							
							9,362
							(2,156)
Net assets of governmental activities							\$ 24,900,247

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2015

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	Industrial Authority TIF Fund	Cemetery Fund	Grant Fund	Total Governmental Funds
REVENUES							
Sales tax	\$ 2,739,510	\$ 1,336,346	\$ 1,269,529	\$ 203,728	\$ -	\$ -	\$ 5,549,113
Use tax	510,224	-	-	-	-	-	510,224
Hotel/motel tax	254,682	-	-	124,570	-	-	379,252
Property taxes (TIF)	-	-	-	116,690	-	-	116,690
E911 tax	100,020	-	-	-	-	-	100,020
Franchise taxes	386,111	-	-	-	-	-	386,111
Cigarette tax	66,365	-	-	-	-	-	66,365
Licenses and permits	40,647	-	-	-	-	-	40,647
Oil and gas royalties	297,851	-	-	-	-	-	297,851
Fines and forfeitures	134,211	-	-	-	-	-	134,211
Investment income	23,398	2,072	27,114	16,914	582	107	70,187
Charges for services	300,977	-	-	-	5,121	-	306,098
Rental income	20,075	-	-	-	-	15,738	35,813
Intergovernmental	164,774	1,768,387	-	-	-	-	1,933,161
Intracity fees	568,925	-	-	-	-	-	568,925
Miscellaneous	16,959	81,423	-	-	-	-	98,382
Total revenues	<u>5,624,729</u>	<u>3,188,228</u>	<u>1,296,643</u>	<u>461,902</u>	<u>5,703</u>	<u>15,845</u>	<u>10,593,050</u>
EXPENDITURES							
Current:							
General government:							
Governing board and administration	697,943	15	84	-	-	-	698,042
Finance	395,914	459	-	-	-	-	396,373
Total general government	<u>1,093,857</u>	<u>474</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094,415</u>
Public safety and judiciary:							
Legal and courts	127,420	-	-	-	-	-	127,420
Police	1,442,812	15,898	-	-	-	-	1,458,710
Fire	878,620	-	-	-	-	-	878,620
Inspection/code enforcement	120,017	-	-	-	-	-	120,017
Total public safety and judiciary	<u>2,568,869</u>	<u>15,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,584,767</u>
Transportation:							
Street	500,050	297,516	-	-	-	-	797,566
Total transportation	<u>500,050</u>	<u>297,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797,566</u>
Cultural, parks and recreation:							
Parks & recreation	1,025,684	4,928	-	-	-	-	1,030,612
Cemetery	117,907	-	-	-	60	-	117,967
Total cultural, parks and recreation	<u>1,143,591</u>	<u>4,928</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>1,148,579</u>
Public Services:							
Facilities maintenance	234,915	-	-	-	-	4,373	239,288
Total public services	<u>234,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,373</u>	<u>239,288</u>
Economic development:							
Capital outlay	9,909	2,686,126	-	445,388	-	-	2,696,035
Debt service:							
Principle	-	-	-	-	-	-	-
Interest	-	-	-	18,765	-	-	18,765
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,765</u>	<u>-</u>	<u>-</u>	<u>18,765</u>
Total expenditures	<u>5,551,191</u>	<u>3,004,942</u>	<u>84</u>	<u>464,153</u>	<u>60</u>	<u>4,373</u>	<u>9,024,803</u>
Excess (deficiency) of revenues over expenditures	73,538	183,286	1,296,559	(2,251)	5,643	11,472	1,568,247
OTHER FINANCING SOURCES (USES)							
Transfers in	2,882,730	1,529,828	801,540	-	-	-	5,214,098
Transfers out	(3,274,125)	(1,519,660)	(2,394,261)	-	-	-	(7,188,046)
Capital lease proceeds	-	172,750	-	-	-	-	172,750
Total other financing sources and uses	<u>(391,395)</u>	<u>182,918</u>	<u>(1,592,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,801,198)</u>
Net change in fund balances	(317,857)	366,204	(298,162)	(2,251)	5,643	11,472	(232,951)
Fund balances - beginning	3,589,261	868,328	2,585,062	2,835	104,149	28,343	7,177,978
Restatement	(423,752)	-	-	-	-	-	(423,752)
Fund balances - ending	<u>\$ 2,847,652</u>	<u>\$ 1,234,532</u>	<u>\$ 2,286,900</u>	<u>\$ 584</u>	<u>\$ 109,792</u>	<u>\$ 39,815</u>	<u>\$ 6,521,275</u>

(Continued)

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2015

(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 \$ (232,951)

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	2,696,035	
Depreciation expense	<u>(1,105,681)</u>	1,590,354

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.

797,702

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

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Loss on disposal of assets- government wide		(42,280)
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The proceeds of debt issuances provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net assets. Repayment
of debt principle is an expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net assets. See Note 3(E) for additional detail.

Debt activity reported in the fund statements		
Long-term capital lease obligation	(172,750)	
Debt and capital lease principle	-	
Interest on debt	18,765	
Debt activity recognized in the statement of activities		
Interest on long-term debt	(18,765)	(172,750)

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

Internal service fund changes in net position	2,671	
Business-type activities net activities due to governmental type activities	<u>(1,514)</u>	<u>1,157</u>

Change in Net Assets of Governmental Activities	<u>\$ 1,941,232</u>
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City of Clinton, Oklahoma
Statement of Fund Net Position
June 30, 2015

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
ASSETS								
Current assets:								
Cash, including time deposits	\$ 78,846	\$ 86,759	\$ 12,261	\$ 40,354	\$ 587,998	\$ 203,906	\$ 1,008,124	\$ 7,549
Investment	1,807,000	706,000	215,000	-	9,180,838	980,000	12,888,838	-
Interest receivable	174,573	848	161	-	753	1,428	177,763	-
Accounts receivable (net)	532,987	136,111	3,762	-	-	1,191	674,051	-
Due from other funds	-	-	-	-	-	19,688	19,688	-
Prepaid expenses	35,635	6,443	8,149	4,825	-	-	65,274	-
Total current assets	2,627,041	936,161	239,333	45,179	9,769,589	1,216,435	14,833,738	7,549
Restricted assets:								
Cash, including time deposits	26,681,494	-	-	-	-	-	26,681,494	-
Investments	-	-	-	-	-	-	-	-
Total restricted assets	26,681,494	-	-	-	-	-	26,681,494	-
Noncurrent assets:								
Capital lease receivable	10,255,000	-	-	-	-	325,921	10,580,921	-
Capital assets (net)	14,340,824	560,812	2,724,130	1,617,348	2,764,511	3,725,306	25,732,931	3,102
Total noncurrent assets	24,595,824	560,812	2,724,130	1,617,348	2,764,511	4,051,227	36,313,852	3,102
Total assets	53,904,359	1,496,973	2,963,463	1,662,527	12,534,100	5,267,662	77,829,084	10,651
LIABILITIES								
Current liabilities:								
Accounts payable	51,475	57,784	902	1,610	30	793	112,594	144
Wages and benefits payable	11,206	13,732	-	11,929	-	2,171	39,038	1,145
Due to other funds	19,688	-	-	-	-	382,955	402,643	-
Accrued interest payable	-	-	-	-	-	18,861	18,861	-
Compensated absences, current	17,771	23,972	-	21,117	-	3,125	65,985	-
Notes payable, current	44,440	-	-	22,233	-	606,621	673,294	-
Total current liabilities	144,580	95,488	902	56,889	30	1,014,526	1,312,415	1,289
Liabilities payable from restricted assets:								
Accrued interest payable	287,307	-	-	-	-	-	287,307	-
Bonds payable, current	1,255,000	-	-	-	-	-	1,255,000	-
Total liabilities payable from restricted assets	1,542,307	-	-	-	-	-	1,542,307	-
Noncurrent liabilities:								
Other accrued liabilities	-	-	-	-	-	-	-	-
Notes payable, non-current	167,688	-	-	69,775	-	2,359,278	2,596,741	-
Bonds payable, noncurrent	42,045,000	-	-	-	-	-	42,045,000	-
Unamortized bond discount/premium	248,440	-	-	-	-	-	248,440	-
Deferred amount on refunding	(220,005)	-	-	-	-	-	(220,005)	-
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	42,073,435	-	-	-	-	-	42,073,435	-
Total noncurrent liabilities	42,241,123	-	-	69,775	-	2,359,278	44,670,178	-
Total liabilities	43,928,010	95,488	902	126,664	30	3,373,804	47,524,898	1,289
NET POSITION								
Net investment in capital assets	6,938,358	560,812	2,724,130	1,525,348	2,764,511	1,366,028	15,879,179	3,102
Restricted for hospital investment	-	-	-	-	8,206,250	-	8,206,250	-
Restricted for debt obligations	1,008,960	-	-	-	-	-	1,008,960	-
Unrestricted	2,029,031	840,673	238,431	10,523	1,563,309	527,830	5,209,797	6,260
Total net position	\$ 9,976,349	\$ 1,401,485	\$ 2,962,561	\$ 1,535,863	\$ 12,534,070	\$ 1,893,858	30,304,186	\$ 9,362
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds							(946)	
Net assets of business-type activities							\$ 30,303,240	

City of Clinton, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2015

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
Operating revenues:								
Charges for services:								
Water charges	\$ 3,706,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,706,916	\$ -
Sewer charges	1,494,032	-	-	-	-	-	1,494,032	-
Sanitation charges	-	1,440,272	-	-	-	-	1,440,272	-
Penalties	67,062	-	-	-	-	-	67,062	-
Golf fees	-	-	-	268,709	-	-	268,709	-
Parks and recreation	-	-	-	-	-	-	-	-
Swimming fees	-	-	-	-	-	-	-	-
Concessions/merchandise sales	-	-	106,620	-	-	2,252	108,872	-
Internal service charges	-	-	-	-	-	-	-	36,346
Total charges for services	5,268,010	1,440,272	106,620	268,709	-	2,252	7,085,863	36,346
Lease and rental income	34,181	-	62,980	-	125,000	102,198	324,359	-
Miscellaneous	240,294	38,580	1,125	295	-	229	280,523	39,702
Total operating revenues	5,542,485	1,478,852	170,725	269,004	125,000	104,679	7,690,745	76,048
Operating expenses:								
Cost of goods sold	1,678,449	-	-	-	-	-	1,678,449	-
Personal services	327,506	390,545	-	284,545	-	60,374	1,062,970	33,285
Materials and supplies	226,307	98,010	68,048	13,648	-	7,726	413,739	35,748
Other services and charges	1,598,514	803,583	127,306	123,020	13,722	363,416	3,029,541	3,852
Bad debt expense	13,200	2,663	-	-	-	-	15,863	-
Depreciation	649,044	50,469	178,740	131,817	575,504	75,793	1,661,367	492
Total operating expenses	4,493,020	1,345,250	374,094	553,030	589,226	507,309	7,861,929	73,377
Net operating income	1,049,465	133,602	(203,369)	(284,026)	(464,226)	(402,630)	(171,184)	2,671
Nonoperating revenue (expense):								
Investment income	13,882	5,511	650	66	126,082	7,490	153,681	-
Gain (loss) on disposal of fixed assets	-	-	-	(1,028)	-	-	(1,028)	-
Acquisition payments- Clinton Public Schools	711,775	-	-	-	-	-	711,775	-
Grants and contributions	-	-	217,715	-	-	-	217,715	-
Bond issue costs	(697,229)	-	-	-	-	-	(697,229)	-
Interest expense	(1,171,534)	-	-	(3,691)	-	(94,574)	(1,269,799)	-
Fiscal charges	(22,649)	-	-	-	-	-	(22,649)	-
Amortization	(150,798)	-	-	-	-	-	(150,798)	-
Oil and gas royalties	-	-	78,564	-	-	-	78,564	-
Total nonoperating revenue (expense)	(1,316,553)	5,511	296,929	(4,653)	126,082	(87,084)	(979,768)	-
Net income before contributions and transfers	(267,088)	139,113	93,560	(288,679)	(338,144)	(489,714)	(1,150,952)	2,671
Transfers from other funds	5,787,551	40,000	-	206,712	-	972,219	7,006,482	-
Transfers to other funds	(4,708,334)	-	-	-	(77,354)	(246,846)	(5,032,534)	-
Change in net position	812,129	179,113	93,560	(81,967)	(415,498)	235,659	822,996	2,671
Net position-beginning of year	9,164,220	1,222,372	2,869,001	1,617,830	12,949,568	1,658,199	-	6,691
Net position-end of year	\$ 9,976,349	\$ 1,401,485	\$ 2,962,561	\$ 1,535,863	\$ 12,534,070	\$ 1,893,858	-	\$ 9,362
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds							1,514	
Change in net position of business-type activities							\$ 824,510	

City of Clinton, Oklahoma
Statement of Cash Flows
June 30, 2015

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:								
Receipts from customers	\$ 5,242,307	\$ 1,433,440	\$ 169,248	\$ 268,709	\$ 125,000	\$ 105,354	\$ 7,344,058	\$ 36,346
Payments to suppliers	(3,625,762)	(904,319)	(196,231)	(137,326)	(13,722)	(373,493)	(5,250,853)	(39,726)
Payments to employees	(328,451)	(389,598)	-	(278,592)	-	(80,126)	(1,056,767)	(33,211)
Other operating revenues	240,294	38,580	1,125	295	-	229	260,523	39,702
Net cash provided (used) by operating activities	1,528,388	178,103	(25,858)	(146,914)	111,278	(328,036)	1,316,961	3,111
Cash flows from non-capital financing activities:								
Receipts under interfund loan agreements	-	-	-	-	-	431,274	431,274	-
Payments under interfund loan agreements	(4,375)	-	-	-	-	(426,900)	(431,275)	-
Transfers from other funds	5,787,551	40,000	-	206,712	-	972,219	7,006,482	-
Transfers to other funds	(4,708,334)	-	-	-	(77,354)	(142,134)	(4,927,822)	-
Payments received on capital lease	-	-	-	-	-	-	-	-
Acquisition payments- Clinton Public Schools	711,775	-	-	-	-	-	711,775	-
Net cash provided (used) by non-capital financing activities	1,786,617	40,000	-	206,712	(77,354)	834,459	2,790,434	-
Cash flows from capital and related financing activities:								
Purchases of capital assets	(3,793,628)	(310,377)	(295,207)	(44,932)	-	(91,438)	(4,535,582)	-
Principal paid on capital debt	(1,269,257)	-	-	(18,090)	-	(587,313)	(1,874,660)	-
Proceeds from debt issuance	29,738,096	-	-	-	-	-	29,738,096	-
Proceeds received on grants	-	-	217,715	-	-	-	217,715	-
Bond issue costs paid	(697,229)	-	-	-	-	-	(697,229)	-
Interest and fiscal charges paid on capital debt	(1,144,177)	-	-	(3,691)	-	(98,439)	(1,246,307)	-
Net cash provided (used) by capital and related financing activities	22,833,805	(310,377)	(77,492)	(66,713)	-	(777,190)	21,602,033	-
Cash flows from investing activities:								
Sale (purchase) of investments	(571,000)	(255,000)	(180,000)	-	(701,338)	(283,000)	(1,990,338)	-
Investment income	29,220	5,242	753	66	125,337	7,753	168,371	-
Receipts from oil & gas royalties	-	-	78,564	-	-	-	78,564	-
Net cash provided (used) by investing activities	(541,780)	(249,758)	(100,683)	66	(576,001)	(275,247)	(1,743,403)	-
Net increase (decrease) in cash and cash equivalents	25,607,030	(342,032)	(204,033)	(6,849)	(542,077)	(546,014)	23,966,025	3,111
Cash and cash equivalents, July 1, 2014	1,151,310	428,791	216,294	47,203	1,130,075	749,920	3,723,593	4,438
Cash & cash equivalents, June 30, 2015	\$ 26,758,340	\$ 86,759	\$ 12,261	\$ 40,354	\$ 587,998	\$ 203,906	\$ 27,689,618	\$ 7,549
Cash, including time deposits	\$ 76,846	\$ 86,759	\$ 12,261	\$ 40,354	\$ 587,998	\$ 203,906	\$ 1,008,124	\$ 7,549
Restricted cash, including time deposits	26,681,494	-	-	-	-	-	26,681,494	-
Total cash and cash equivalents, end of year	\$ 26,758,340	\$ 86,759	\$ 12,261	\$ 40,354	\$ 587,998	\$ 203,906	\$ 27,689,618	\$ 7,549
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 1,049,465	\$ 133,602	\$ (203,369)	\$ (284,026)	\$ (464,226)	\$ (402,630)	\$ (171,184)	\$ 2,671
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	649,044	50,469	178,740	131,817	575,504	75,793	1,661,367	492
Changes in assets and liabilities:								
(increase) decrease in accounts receivable	(59,884)	(6,832)	(352)	-	-	904	(66,164)	-
(increase) decrease in prepaids	(1,662)	(169)	(887)	307	-	(233)	(2,644)	-
Increase (decrease) in accounts payable	(107,630)	86	10	(965)	-	(2,118)	(110,617)	(126)
Increase (decrease) in wages & benefits payable	441	1,216	-	1,380	-	273	3,310	74
Increase (decrease) in compensated absences	(1,386)	(269)	-	4,573	-	(25)	2,893	-
Increase (decrease) in other accrued liabilities	-	-	-	-	-	-	-	-
Total adjustments	478,923	44,501	177,511	137,112	575,504	74,594	1,488,145	440
Net cash provided (used) by operating activities	\$ 1,528,388	\$ 178,103	\$ (25,858)	\$ (146,914)	\$ 111,278	\$ (328,036)	\$ 1,316,961	\$ 3,111
Non-cash investing, capital, and financing activities:								
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -	\$ -	\$ (6,236)	\$ -	\$ (6,236)	\$ -
Total non-cash investing, capital, and financing activities	\$ -	\$ -	\$ -	\$ -	\$ (6,236)	\$ -	\$ (6,236)	\$ -

City of Clinton, Oklahoma
Statement of Fiduciary Net Position
June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash, including time deposits	\$ 2,577
Investments	<u>252,000</u>
Total assets	<u>\$ 254,577</u>
LIABILITIES	
Due to depositors	<u>254,577</u>
Total liabilities	<u>\$ 254,577</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, 2015.

(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 hanger facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Recreational Authority (CRA)	Created December 20, 1990 to finance, develop and operate recreational, athletic, sports, amusement, entertainment, cultural and educational services and facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Industrial Authority (CIA)	Created September 20, 1996 to promote industrial development. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Hospital Authority (CHA)	Created May 31, 1972 to finance, develop and operate the hospital and other medical activities of the City. The current City Council serves as entire governing body (Trustees). The hospital was leased to Integris (now Alliance Health) on January 1, 1998. This lease is for a 20-year period. Before the leasing of the hospital, it was an excluded component unit.	Enterprise Fund

(C) **Government-wide and Fund Financial Statements:**

Government-wide Financial Statements

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

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

Fund Financial Statements:

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Restricted Assets

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

Use of Estimates

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

Date of Management's Review

Subsequent events were evaluated through December 14, 2015, which is the date the financial statements were available to be issued.

Interfund Balances

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

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

(D) Fund Types and Major Funds:

Major Governmental Funds

General Fund

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

Capital Project Fund

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

Cemetery Care

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

4th Cent Sales Tax

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

Tax Incremental Financing (TIF)

Accounts for the incremental increase in sales tax, hotel/motel tax, and ad valorem tax received within a defined geographic boundaries set by the council as an enterprise zone. TIF is a method of obtaining financing using future gains in taxes to finance current improvements which will create the conditions for those future gains. When a public project is carried out, the increase in the value of surrounding real estate, and perhaps new investment, generates increased property and sales tax revenues dedicated to finance the debt issued to pay for the project. The City uses TIF to stimulate 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

Restatement

The Oklahoma Tax Commission notified the City in May, 2015 that a taxpayer had erroneously reported and remitted \$423,752 of use tax during the 2011-2012 fiscal year. The Oklahoma Tax Commission is going to continue to withhold ½ of what is due to the City of Clinton for use tax until the amount is fully recovered. A restatement in the amount of \$423,752 and a corresponding additional amount due to the Oklahoma Tax Commission are reflected on the financials in the governmental activities in the government wide financial statements and in the general fund at the fund level.

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-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax collected by the State in June (which represent sales for May)

and received by the City in July have been accrued and are included under the caption "Due from other governments". The sales tax received is recorded as sales tax revenue within certain funds as follows:

- 2 cents General Fund
- 1 cent Capital Improvement Fund
- 1 cent Special Revenue Fund (through August 31, 2019)

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

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

Property Tax

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

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

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

For the year ended June 30, 2015, the City's net assessed valuation of taxable property was \$43,908,834. 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, 2015, the City reported no individual fund deficits.

(B) Budgetary Information:

Budget Policy and Practice

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

Budget Basis of Accounting

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

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

For the year ended June 30, 2015, the City complied, in all material respects, with the applicable budget laws. The City did not over-expend appropriations at the legal level of control in any object category.

There was 1 General Fund supplemental appropriation approved by the City Council during fiscal year 2015.

(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, 2014, the City complied, in all material respects, with these revenue restrictions.

(D) Debt Restrictions and Covenants

Revenue Bond Debt

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

<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, 2015, this requirement was met (see computation below).

Revenue Bond Coverage

Gross revenue available for debt service	
Operating revenues for Public Works Authority	5,268,010
Pledged sales tax	4,161,835
Gross revenue available for debt service	9,429,845
Operating expenses for Public Works Authority	
Excluding depreciation and amortization	(3,843,976)
Net revenues available for debt service	5,585,869
Debt service requirements:	
Average annual debt service- OWRB note	42,258
Average annual debt service- Series 2012 revenue bonds	1,000,000
Average annual debt service- Series 2014 revenue bonds	1,681,495
Total average annual debt service	2,723,753
Computed coverage	2.05
Required coverage	1.25

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

(A) Cash and Investments:

Deposits

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

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

Investments

As of June 30, 2015, 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	\$ 10,993,000	\$ 10,993,000	N/A	483
Total pooled investments	<u>10,993,000</u>	<u>10,993,000</u>		
<u>NON-POOLED INVESTMENTS:</u>				
Federal agency notes	2,903,142	2,888,907	Aaa	-
Mortgage backed securities (3)	669,696	647,476	AAA	
Certificates of deposit	4,458,000	4,458,000	N/A	643
Total non-pooled investments	<u>8,030,838</u>	<u>7,994,383</u>		
 Total primary government investments	 <u>\$ 19,023,838</u>	 <u>\$ 18,987,383</u>		
 Reconciliation to Statement of Net Assets				
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	
Unrestricted Investments	<u>6,135,000</u>	<u>12,888,838</u>	<u>19,023,838</u>	
Total	<u>6,135,000</u>	<u>12,888,838</u>	<u>19,023,838</u>	
 Fiduciary funds				
<u>POOLED INVESTMENTS:</u>				
Certificates of deposit	\$ 252,000	\$ 252,000	N/A	484
Total fiduciary investments	<u>\$ 252,000</u>	<u>\$ 252,000</u>		
 Grand total investments	 <u>\$ 19,275,838</u>	 <u>\$ 19,239,383</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 January 7, 1997 and by complying with State Statutes and the City Charter.

(B) Accounts Receivable

Governmental activities report sales and use taxes receivable of \$538,278 comprised of amount received after year-end for current year taxes on sales.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2015

	<i>Business-type Activities</i>				
	Public Works	Solid Waste	Airport	Industrial Authority	Total
Accounts Receivable	\$ 532,987	\$ 136,111	\$ 3,762	\$ 1,191	\$ 674,051
Less: allowance for uncollectible accounts	-	-	-	-	-
Net accounts receivable	\$ 532,987	\$ 136,111	\$ 3,762	\$ 1,191	\$ 674,051

(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, 2015 were as follows:

Type of Restricted Assets	Cash and cash equivalents	Investments	Total
Enterprise Funds:			
Public Works Authority			
Revenue Bond Trustee Accounts:			
2010 Bonds	\$ 351,028	\$ -	\$ 351,028
2012 bonds	657,917	-	657,917
2014 bonds	25,672,549	-	25,672,549
Grand total enterprise fund	\$ 26,681,494	\$ -	\$ 26,681,494

(D) Capital Assets:

Governmental Activities

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

	Balance at			Balance at
	July 1, 2014	Additions	Disposals	June 30, 2015
Land	\$ 1,001,766	\$ -	\$ 9,375	\$ 992,391
Buildings	10,564,187	79,576	55,000	10,588,763
Other improvements	5,578,731	82,141	-	5,660,872
Machinery, furniture & equip.	5,708,219	650,108	329,660	6,028,667
Infrastructure	7,123,851	2,732,855	-	9,856,706
Construction in process	848,644	-	848,644	-
	30,825,398	3,544,680	1,242,679	33,127,399
Less accumulated depreciation	11,769,036	1,106,173	351,754	12,523,455
Net property, plant, & equipment	\$ 19,056,362			\$ 20,603,944

Business-Type Activities

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

	Balance at			Balance at
	July 1, 2014	Additions	Disposals	June 30, 2015
Land	\$ 1,975,122	\$ 102,659	\$ -	\$ 2,077,781
Buildings	7,957,517	107,517	-	8,065,034
Other improvements	11,747,686	916,376	-	12,664,062
Machinery, furniture & equip.	13,163,700	363,791	67,156	13,460,335
Infrastructure	30,998,422	108,242	-	31,106,664
Construction in progress	592,691	3,281,435	449,663	3,424,463
	66,435,138	4,880,020	516,819	70,798,339
Less accumulated depreciation	43,470,682	1,661,367	66,641	45,065,408
Net property, plant, & equipment	\$ 22,964,456			\$ 25,732,931

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2015

Fixed assets of the Enterprise Funds were comprised of the following at June 30, 2015:

	Public Works Authority	Solid Waste Authority	Airport Authority	Recreation Authority	Industrial Authority	Hospital Authority
Land	\$ 164,305	\$ 84,601	\$ 128,733	\$ 302,000	\$ 1,353,336	\$ 44,807
Buildings	503,011	179,823	514,933	253,752	2,761,932	3,851,582
Other Improvements	1,162,652	-	1,064,779	1,507,764	106,885	8,821,982
Machinery, furniture, & equip.	1,838,837	1,397,181	188,026	525,650	292,199	9,218,441
Infrastructure	28,420,273	-	2,467,319	105,163	113,910	-
Construction in progress	3,273,235	-	8,200	-	143,028	-
Less accumulated depreciation	21,021,489	1,100,793	1,647,860	1,076,981	1,045,984	19,172,301
Net property, plant, & equipment	<u>\$ 14,340,824</u>	<u>\$ 560,812</u>	<u>\$ 2,724,130</u>	<u>\$ 1,617,348</u>	<u>\$ 3,725,306</u>	<u>\$ 2,764,511</u>

Depreciation

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

Governmental Activities		Business-type Activities	
General government:		Water	\$322,495
Governing board & administration	\$70,779	Sewer	326,549
Finance	2,318	Sanitation	50,469
Public safety & judiciary:		Airport	178,740
Legal and courts	753	Golf	131,817
Police	78,897	Healthcare	575,504
Fire	161,070	Economic development	75,793
Inspection/code enforcement	94		<u>\$1,661,367</u>
Transportation:			
Street	208,773		
Cultural, parks and recreation:			
Parks & recreation	459,224		
Cemetery	3,101		
Public services:			
Facilities maintenance	120,672		
	<u>\$1,105,681</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, 2015, the long-term debt payable from governmental fund resources consisted of the following:

CAPITAL LEASE 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 May , 2018.

172,750

\$ 172,750

Business-Type Activities

As of June 30, 2015, the long-term debt payable from enterprise fund resources consisted of the following:

CAPITAL LEASE PAYABLE:

Capital lease purchase of golf carts through the PNC Equipment Finance dated March 11, 2014 for the lease of property totalling \$113,317. Leased equipment attributable to business-type activities includes 30 new golf carts. Monthly payments of \$1,980 are required under the lease beginning June, 2014 with a balloon payment of \$30,000 due in May, 2018. Lease matures May , 2018.

92,008

\$ 92,008

NOTES PAYABLE

Note Payable with Oklahoma Water Resources Board for water system improvements, issued by the Clinton Public Works Authority, payable in semi-annual installments to be determined at completion of construction on a 20 year amortization with an annual interest rate of 3.161%.

\$ 212,128

Note payable for water system improvements from CDBG loan funds issued by the Clinton Industrial Authority, payable in monthly installments of \$365 to the Oklahoma Department of Commerce, no interest, to begin February 29, 2000.

19,688

Note payable to Robinsons for housing development land to be paid as lots sell, no interest, balance due by January 1, 2017 if lots not all sold.

100,000

Note Payable for fire station construction and equipment issued by the Clinton Industrial Authority, payable in semi annual payments to the Oklahoma Bank & Trust with an annual interest rate of 2.95%, to begin August 12, 2012.

2,845,846

\$ 3,177,662

REVENUE BONDS PAYABLE:

2012 Series Clinton Public Works Authority Refunding Revenue Bonds original issue amount of \$6,000,000, dated November 15, 2012, issued by Clinton Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 1.5% to 3.00%, final maturity on January 1, 2019.

3,595,000

2014 Series Clinton Public Works Authority Utility System and Sales Tax Revenue Bonds original issue amount of \$29,450,000, dated December 1, 2014, issued by Clinton Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 2.5% to 4.0%, final maturity on December 1, 2044.

29,450,000

Conduit Debt Obligations:

2010A Series Clinton Public Works Educational Facilities Lease Revenue Bonds original issue amount of \$12,660,000, dated August 1, 2010, secured by pledged lease purchase

10,255,000

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2015

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.

Total revenue bonds payable	43,300,000
Add: unamortized premiums	282,494
Less: unamortized discounts	(34,054)
Less: unamortized deferred amount on refunding	(220,005)
Net revenue bonds payable	\$ 43,328,435

Conduit Debt

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

Type of Debt	Balance at July 1, 2014	Amount Issued	Amount Retired	Balance at June 30, 2015	Due Within One Year
Governmental Fund Debt:					
Capital lease payable	\$ -	\$ 172,750	\$ -	\$ 172,750	\$ 30,161
Total governmental fund debt	\$ -	\$ 172,750	\$ -	\$ 172,750	\$ 30,161
Enterprise Fund Debt:					
Capital lease payable	\$ 110,098	\$ -	\$ 18,090	\$ 92,008	\$ 22,233
Notes payable	3,809,597	-	631,935	3,177,662	651,061
Revenue bonds payable	4,820,000	29,450,000	1,225,000	33,045,000	1,225,000
Conduit debit	11,725,000	-	-	11,725,000	-
Total enterprise fund debt	\$ 20,464,695	\$ 29,450,000	\$ 1,875,025	\$ 48,039,670	\$ 1,898,294

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2015

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015 are as follows:

Year Ending June 30	<u>Governmental Activities</u>				<u>Business-Type Activities</u>			
	Leases Payable		Notes and Leases Payable		Revenue Bonds		Conduit Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 30,160	\$ 997	\$ 651,060	\$ 80,504	\$ 1,255,000	\$ 1,125,598	\$ -	\$ 516,884
2017	27,205	3,952	769,153	62,383	1,270,000	1,097,361	2,390,000	516,884
2018	27,953	3,204	687,781	43,730	530,000	1,081,486	-	415,930
2019	28,721	2,435	706,965	24,529	820,000	1,070,131	2,825,000	415,930
2020	29,511	1,645	362,703	4,915	710,000	1,047,181	5,040,000	549,360
2021-2025	29,200	1,957	-	-	3,905,000	4,862,231	-	-
2026-2030	-	-	-	-	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	741,222	-	-
Totals	\$ 172,750	\$ 14,190	\$3,177,662	\$ 216,061	\$33,045,000	\$20,640,748	\$ 10,255,000	\$ 2,414,988

(F) Interfund Transactions and Balances:

Interfund receivables and payables at June 30, 2015 were as follows:

<u>DUE TO AND DUE FROM:</u>	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL FUNDS:		
4 th Cent Sales Tax Fund:		
TIF Fund	\$ 382,371	-
TIF Fund:		
4 th Cent Sales Tax Fund	-	382,371
Industrial Authority	57,035	-
ENTERPRISE FUNDS:		
Public Works Authority:		
Industrial Authority	-	19,688
Industrial Authority:		
TIF Fund	-	57,035
Public Works Authority	19,688	-
GRAND TOTAL	\$ 459,094	\$ 459,094

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2015

Operating transfers for the year ended June 30, 2015 were as follows:

<u>OPERATING TRANSFERS:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND:		
Public Works Authority (an enterprise fund)	\$ 2,882,730	\$ 2,882,730
Recreation Authority (an enterprise fund)	-	140,000
Industrial Authority (an enterprise fund)	-	251,395
Total General Fund	<u>2,882,730</u>	<u>3,274,125</u>
SPECIAL REVENUE FUNDS:		
<i>4th Cent Sales Tax :</i>		
Capital Projects Fund	-	363,630
Public Works Authority (an enterprise fund)	801,540	1,316,545
Industrial Authority (an enterprise fund)	-	714,086
Total Special Revenue Fund	<u>801,540</u>	<u>2,394,261</u>
CAPITAL PROJECTS FUND:		
4 th Cent Sales Tax Fund (a special revenue fund)	363,630	-
Public Works Authority	1,024,064	1,406,210
Solid Waste Authority	-	40,000
Clinton Recreation Authority (an enterprise fund)	-	66,712
Industrial Authority (an enterprise fund)	142,134	6,738
Total Capital Project Funds	<u>1,529,828</u>	<u>1,519,660</u>
ENTERPRISE FUNDS:		
<i>Clinton Public Works Authority:</i>		
General Fund	2,882,730	2,882,730
Capital Projects Fund	1,406,210	1,024,064
4 th Cent Sales Tax Fund (a special revenue fund)	1,316,545	801,540
Industrial Authority (an enterprise fund)	104,712	-
Clinton Hospital Authority	77,354	-
<i>Clinton Solid Waste Authority:</i>		
Capital Projects Fund	40,000	-
<i>Clinton Recreation Authority:</i>		
General Fund	140,000	-
Capital Projects Fund	66,712	-
<i>Clinton Industrial Authority:</i>		
General Fund	251,395	-
Capital Projects Fund	6,738	142,134
4 th Cent Sales Tax Fund (a special revenue fund)	714,086	-
Public Works Authority (an enterprise fund)	-	104,712
<i>Clinton Hospital Authority:</i>		
Public Works Authority (an enterprise fund)	-	77,354
Total Enterprise Funds	<u>7,006,482</u>	<u>5,032,534</u>
GRAND TOTAL	<u>\$ 12,220,580</u>	<u>\$ 12,220,580</u>

(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, 2015 are as follows:

	<u>Reserved For Debt Service</u>	<u>Reserved Hospital Lease Funds</u>	<u>Total</u>
Enterprise Funds:			
Public Works Authority	\$ 1,008,960	\$ -	\$ 1,008,960
Hospital Authority	-	8,206,250	8,206,250
Total Enterprise Fund	<u>\$ 1,008,960</u>	<u>\$ 8,206,250</u>	<u>\$ 9,215,210</u>

NOTE 4: OTHER NOTES

A. Employee Pension and Other Benefit Plans:

The City participates in four employee pension systems as follows:

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

Oklahoma Municipal Retirement Fund - Defined Contribution Plans

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

For the year ended June 30, 2015, the following amounts related to the defined contribution plan:

City total payroll	\$7,661,344
Payroll for covered employees	\$2,305,563
Employer (City) contributions made	\$64,162

CMO Plan Description and Funding Policy – The City has also provided a defined contribution plan and trust known as the City of Clinton City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee contributes 2% to the plan and the employer makes a 3.0% contribution to the fund. Contributions to the plan for the year ended June 30, 2015 were \$2,617 on a covered payroll of \$88,328.

Oklahoma Municipal Retirement Fund- Defined Benefit Plan

Plan Description

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

Benefits Provided

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

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

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

Contributions

Required contribution rates are actuarially measured each year and authorized through City Ordinance. Employees are required to contribute 5.25% of paid salary. For the year ended June 30, 2015, the City's contribution was 10.87%. Contributions to the pension plan from the City were \$178,609 for the year ended June 30, 2015.

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Membership

Membership in the plan is as follows:

	As of January 1, 2014
Inactive employees & beneficiaries receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	15
Active participants	65
Total	110

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

At June 30, 2015, the City reported an asset of \$965,375 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2014, 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, 2015, the City recognized pension expense of \$100,813. At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	734,926
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	260,465	-
Total	\$ 260,465	\$ 734,926

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

Year ended June 30:	
2016	\$ 183,732
2017	183,732
2018	183,731
2019	183,731
	\$ 734,926

Actuarial assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments. The City has adopted a funding method that is designed to fund all benefits payable to 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. The 20 year tax free bond yield of 3.29% was used in the analysis.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2013	<u>9,845,902</u>	<u>9,877,199</u>	<u>(31,297)</u>
Changes for the year:			
Service cost	318,193	-	318,193
Interest	766,152	-	766,152
Differences between expected and actual experience	-	-	-
Contributions - employer	-	299,965	(299,965)
Contributions - employee	-	127,630	(127,630)
Net investment income	-	1,614,704	(1,614,704)
Benefit payments, including refunds of employee contributions	(567,102)	(567,102)	-
Administrative expense	-	(23,876)	23,876
Other changes	-	-	-
Net changes	<u>517,243</u>	<u>1,451,321</u>	<u>(934,078)</u>
Balances at June 30, 2014	<u>\$ 10,363,145</u>	<u>\$ 11,328,520</u>	<u>\$ (965,375)</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 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability/(asset)	549,011	(965,375)	(2,204,545)

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

Oklahoma Police Pension and Retirement System

Plan Description

The City of Clinton, as the employer, participates in the Oklahoma Police Pension and Retirement System, a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, the the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publically available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits Provided

OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions

The State of Oklahoma has the authority to establish contribution obligations and benefits per state statute 11 O.S. Section 550-101 et seq. Employees are required to contribute 8% of paid base salary; the City contributes 13% of the employee's paid base salary. Contributions to the pension plan from the City were \$88,084 for the year ended June 30, 2015.

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

At June 30, 2015, the City reported an asset of \$81,545 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on 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. At June 30, 2015, the City's proportion was 0.2422 percent.

For the year ended June 30, 2015, the City recognized pension expense of \$29,890. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 36,636
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	286,619
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	80,232	-
Total	\$ 80,232	\$ 323,255

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

Year ended June 30:

2016	\$	79,240
2017		79,240
2018		79,240
2019		79,240
2020		6,295
	\$	323,255

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	4.5% to 17% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense, per annum, compound annually
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 yrs with full generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward with fully generational improvement using scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2012. There have been no changes to actuarial assumptions since the prior valuation.

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 as of June 30, 2014, are summarized in the following table:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%

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Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) 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)	485,182	(81,545)	(559,170)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	<u>5,158,856</u>	<u>4,785,061</u>	<u>373,795</u>
Changes for the year:			
Service cost	128,467	-	128,467
Interest	385,719	-	385,719
Differences between expected and actual experience	(44,221)	-	(44,221)
Contributions - employer	-	86,095	(86,095)
Contributions - employee	-	53,601	(53,601)
Contributions - State of Oklahoma (non-employer)	-	75,879	(75,879)
Net investment income	-	714,240	(714,240)
Benefit payments, including refunds of employee contributions	(288,802)	(288,802)	-
Administrative expense	-	(4,510)	4,510
Other changes	-	-	-
Net changes	<u>181,163</u>	<u>636,503</u>	<u>(455,340)</u>
Balances at June 30, 2014	<u>\$ 5,340,019</u>	<u>\$ 5,421,564</u>	<u>\$ (81,545)</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OPRRS financial report which can be located at www.ok.gov/OPRRS.

Oklahoma Firefighters Pension and Retirement System

Plan Description

The City of Clinton, as the employer, participates in the Firefighters Pension & Retirement- a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). FPRS issues a publically available financial report that can be obtained at www.ok.gov/FPRS.

Benefits Provided

FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions

The State of Oklahoma has the authority to establish contribution obligations per state statute 11 O.S. Section 49.100 thru 49.143 et seq and are not based on actuarial calculations. Volunteer members have no contribution requirements; the City contributes \$60 per year for each volunteer. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$79,461.

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

At June 30, 2015, the City reported a liability of \$2,186,321 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. The City's proportion was 0.2126%.

For the year ended June 30, 2015, the City recognized pension expense of \$196,361. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 52,092	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	330,949
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	76,314	-
Total	\$ 128,406	\$ 330,949

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

Year ended June 30:	
2016	\$ 73,037
2017	73,037
2018	73,037
2019	73,037
2020	(9,700)
Thereafter	(3,591)
	\$ 278,857

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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 as of June 30, 2014, are summarized in the following table:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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 as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – 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 36% 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.

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	2,854,874	2,186,321	1,625,813

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Balances at June 30, 2013	6,552,116	4,037,484
Changes for the year:			
Service cost	124,974	-	124,974
Interest	486,962	-	486,962
Differences between expected and actual experience	61,791	-	61,791
Contributions - employer	-	76,757	(76,757)
Contributions - employee	-	169,113	(169,113)
Contributions - State of Oklahoma (non-employer)	-	46,894	(46,894)
Net investment income	-	713,490	(713,490)
Benefit payments, including refunds of employee contributions	(368,531)	(368,531)	-
Administrative expense	-	(4,216)	4,216
Other changes	-	-	-
Net changes	305,196	633,507	(328,311)
Balances at June 30, 2014	\$ 6,857,312	\$ 4,670,991	\$ 2,186,321

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

Other Post-Employment Benefits

For the year ended June 30, 2015, 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. (Integrus) 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 Integrus 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 Integrus Regional Hospital for a term beginning on April 1, 2012 and shall expire on December 31, 2017 with an option to extend the term of the lease for 3 consecutive 5 year terms on the same terms and conditions applicable to the initial term. The lease terms call for annual rent of \$125,000.04 payable in equal monthly installments of \$10,416.67. The lease grants the tenant the option after the 4th year of the initial term of the lease to purchase the hospital premises for a price equal to the fair market value as determined by an appraiser.

Clinton Public School District Lease

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

(C) Subsequent Events:

None

(D) Other Matters:

Effective July 1, 2014, the City implemented GASB No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27. GASB No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. The Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plans and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost sharing plans, and recognition and disclosure requirements are addressed for each classification.

Implementation of GASB No. 68 resulted in the restatement of beginning year net position to recognize the net pension obligation of the City. The changes were as follows:

	Governmental Activities	
Beginning Net Position	\$	26,239,897
Restatement due to use tax repayment	\$	(423,752)
Restatement due to net pension obligations		(2,857,130)
Restated Beginning Net Position	\$	22,959,015

City of Clinton, Oklahoma
General Fund
June 30, 2015
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	\$ 2,972,000	\$ -	\$ 2,972,000	\$ 2,778,319	\$ (193,681)
Use taxes	730,000	-	730,000	513,783	(216,217)
Hotel/motel taxes	410,000	-	410,000	362,519	(47,481)
E911 taxes	-	-	-	100,020	100,020
Franchise taxes	355,000	-	355,000	382,659	27,659
Cigarette taxes	67,000	-	67,000	65,916	(1,084)
Licenses and permits	36,700	-	36,700	40,647	3,947
Oil & gas royalties	50,000	-	50,000	297,851	247,851
Fines and forfeitures	118,000	-	118,000	134,211	16,211
Investment income	17,000	-	17,000	24,322	7,322
Charges for services	392,300	-	392,300	300,977	(91,323)
Rental income	20,000	-	20,000	20,075	75
Intergovernmental	153,700	-	153,700	164,602	10,902
Intracity fees	568,926	-	568,926	568,925	(1)
Miscellaneous	23,500	-	23,500	16,945	(6,555)
Total revenues before carryover	5,914,126	-	5,914,126	5,771,771	(142,355)
Budgeted carryover (1)	-	-	-	4,177,887	4,177,887
Total revenues and budgeted carryover	5,914,126	-	5,914,126	9,949,658	4,035,532
EXPENDITURES					
Current:					
General government:					
Governing board and administration					
Personal services	469,690	-	469,690	440,411	29,279
Materials & supplies	9,150	-	9,150	8,443	707
Other services & charges	336,840	(20,000)	316,840	245,565	71,275
Finance					
Personal services	313,595	-	313,595	306,751	6,844
Materials & supplies	7,550	-	7,550	5,892	1,658
Other services & charges	84,401	-	84,401	82,736	1,665
Total general government	1,221,226	(20,000)	1,201,226	1,089,798	111,428
Public safety and judiciary:					
Legal and courts					
Personal services	126,861	-	126,861	126,200	661
Materials & supplies	1,100	-	1,100	948	152
Other services & charges	6,015	-	6,015	3,210	2,805
Police					
Personal services	1,548,192	-	1,548,192	1,341,300	206,892
Materials & supplies	90,000	-	90,000	69,711	20,289
Other services & charges	41,725	-	41,725	32,322	9,403
Fire					
Personal services	834,919	(2,000)	832,919	801,879	31,040
Materials & supplies	35,177	2,000	37,177	39,827	(2,650)
Other services & charges	32,281	-	32,281	33,845	(1,564)
Inspection/code enforcement					
Personal services	113,649	-	113,649	111,978	1,671
Materials & supplies	3,550	-	3,550	1,601	1,949
Other services & charges	25,020	-	25,020	7,519	17,501
Total public safety and judiciary	2,858,489	-	2,858,489	2,570,340	288,149
Transportation:					
Street					
Personal services	292,133	-	292,133	275,885	16,248
Materials & supplies	92,600	-	92,600	77,893	14,707
Other services & charges	129,000	-	129,000	148,540	(19,540)
Total transportation	513,733	-	513,733	502,318	11,415
Cultural, parks and recreation:					
Parks and recreation					
Personal services	707,636	-	707,636	576,335	131,301
Materials & supplies	202,550	-	202,550	207,735	(5,185)
Other services & charges	213,050	20,000	233,050	245,449	(12,399)
Cemetery					
Personal services	97,548	-	97,548	94,604	2,944
Materials & supplies	28,550	-	28,550	20,333	8,217
Other services & charges	4,500	-	4,500	1,600	2,900
Total cultural, parks and recreation	1,253,834	20,000	1,273,834	1,146,056	127,778

City of Clinton, Oklahoma
 General Fund
 June 30, 2015
 Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Public Services:					
Facilities maintenance					
Personal services	73,707		73,707	70,309	3,398
Materials & supplies	28,350		28,350	29,269	(919)
Other services & charges	162,800		162,800	143,798	19,002
Total public services	<u>264,857</u>	-	<u>264,857</u>	<u>243,376</u>	<u>21,481</u>
Total expenditures	<u>6,112,139</u>	-	<u>6,112,139</u>	<u>5,551,888</u>	<u>560,251</u>
Revenue over (under) expenditures	(198,013)	-	(198,013)	4,397,770	4,595,783
OTHER FINANCING SOURCES (USES)					
Operating transfers in	2,972,000	-	2,972,000	2,882,730	(89,270)
Operating transfers out	(3,627,000)	-	(3,627,000)	(3,398,695)	228,305
Net other financing sources (uses)	<u>(655,000)</u>	-	<u>(655,000)</u>	<u>(515,965)</u>	<u>139,035</u>
Revenues and other financing sources over (under) expenditures and other uses	(853,013)	-	(853,013)	3,881,805	4,734,818
Fund balance at beginning of year (Non-GAAP budgetary basis)	3,972,710	-	3,972,710	3,700,508	(272,202)
Less budgeted carryover (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,177,887)</u>	<u>(4,177,887)</u>
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 3,119,697</u>	<u>\$ -</u>	<u>\$ 3,119,697</u>	<u>\$ 3,404,426</u>	<u>\$ 284,729</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(258,291)	
Expenditure and transfer accruals				125,269	
Prior period adjustment				(423,752)	
Fund balance at end of year (GAAP basis)				<u>\$ 2,847,652</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.

Schedules of Required Supplementary Information

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

Oklahoma Police Pension Retirement Plan

	<u>2015*</u>
City's portion of the net pension liability (asset)	0.2422%
City's proportionate share of the net pension liability (asset)	\$ (81,545)
City's covered-employee payroll	\$ 617,171
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-13.21%
Plan fiduciary net position as a percentage of the total pension liability	101.53%

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

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Police Pension Retirement Plan

	<u>2015*</u>
Contractually required contribution	\$ 80,232
Contributions in relation to the contractually required contribution	<u>(80,232)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 617,171
Contributions as a percentage of covered-employee payroll	13.00%

Schedules of Required Supplementary Information

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

Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>
City's portion of the net pension liability (asset)	0.2126%
City's proportionate share of the net pension liability (asset)	\$ 2,186,321
City's covered-employee payroll	\$ 538,246
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	406%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

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

SCHEDULE OF CITY CONTRIBUTIONS

Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>
Contractually required contribution	\$ 76,314
Contributions in relation to the contractually required contribution	<u>(76,314)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 538,246
Contributions as a percentage of covered-employee payroll	14.18%

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

	<u>2015*</u>
Total pension liability	
Service cost	\$ 318,193
Interest	766,152
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(567,102)</u>
Net change in total pension liability	\$ 517,243
Total pension liability - beginning	<u>9,845,902</u>
Total pension liability - ending (a)	<u><u>\$ 10,363,145</u></u>
Plan fiduciary net position	
Contributions - employer	299,965
Contributions - employee	127,630
Net investment income	1,614,704
Benefit payments, including refunds of employee contributions	(567,102)
Administrative expense	(23,876)
Other	-
Net change in plan fiduciary net position	<u>1,451,321</u>
Plan fiduciary net position - beginning	<u>9,877,199</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 11,328,520</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ (965,375)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	109.32%
Covered-employee payroll	\$ 2,191,279
City's net pension liability as a percentage of covered-employee payroll	-44.06%



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

**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 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, 2015, 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 14, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Clinton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 14, 2015



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

The Honorable Mayor and City Council
City of Clinton, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited City of Clinton, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Clinton, Oklahoma's major federal programs for the year ended June 30, 2015. City of Clinton, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Clinton, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Clinton, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Clinton, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

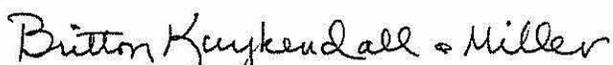
Report on Internal Control over Compliance

Management of City of Clinton, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Clinton, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 14, 2015

City of Clinton, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Federal Expenditures</u>
<u>Department of Housing and Urban Development:</u>				
<u>Passed through the Oklahoma Department of Commerce:</u>				
15668 CDBG-CIP 13	14.228	38,400	19,200	19,200
15917 CDBG 01	14.228	112,579	112,579	112,579
15928 CDBG 07	14.228	18,819	18,819	18,819
15929 CDBG 08	14.228	7,081	7,081	7,081
15930 CDBG 98	14.228	3,485	3,485	3,485
15931 CDBG 02	14.228	1,036	1,036	1,036
Sub-Total		181,400	162,200	162,200
<u>Department of Justice</u>				
<u>Passed through the Oklahoma District Attorneys Council</u>				
Byrne JAG Program	16.738	9,880	9,880	9,880
<u>Department of Transportation- Federal Aviation Administration:</u>				
Airport Improvement Program 3-40-0021-012-2014	20.106	217,715	217,715	207,365
Airport Improvement Program 3-40-0021-013-2015	20.106	196,104	-	7,380
Sub-Total		413,819	217,715	214,745
<u>Department of Transportation- Federal Highway Administration</u>				
<u>Passed through the State of Oklahoma Department of Transportation</u>				
Federal Transportation Community & System Preservation (TCSP)	20.205	377,287	377,287	377,287
Federal Aid Surface Transportation (STP)	20.205	1,250,000	1,250,000	1,250,000
		1,627,287	1,627,287	1,627,287
Total of Expenditures of Federal Awards		\$ 2,232,386	\$ 2,017,082	\$ 2,014,112

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

**CITY OF CLINTON, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDITOR'S RESULTS

TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS:	Unqualified Opinion
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING:	No
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:	(None Reported)
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS:	No
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR PROGRAMS:	Unqualified Opinion
AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH SECTION 510(A) OF OMB CIRCULAR A-133:	No
MAJOR PROGRAMS:	20.205 Federal Transportation Community & System Preservation (TCSP) 20.205 Federal Aid Surface Transportation (STP)
DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS:	\$300,000
QUALIFIED LOW-RISK AUDITEE:	No