

June 26, 2024

Oklahoma State Auditor and Inspector
2300 N. Lincoln Boulevard, Room 100
Oklahoma City, OK 73105

Accompanying this submission, you will find a copy of the following:

- Annual Financial Statements and Independent Auditor's Reports as of and for the fiscal year ended June 30, 2022, for the City of Lawton, Oklahoma, which also includes the following public trusts:
 - Lawton Water Authority
 - City Transit Trust
 - Lawton Urban Homestead Authority
 - Lawton Parking Authority
 - Lawton Industrial Development Authority
 - Lawton Metropolitan Area Airport Authority
 - Lawton Arts and Humanities Council
 - McMahon Auditorium Authority
 - Museum of the Great Plains Trust Authority
 - Lawton Enhancement Trust Authority
 - Lawton Economic Development Authority
 - Lawton Urban Renewal Authority
 - Lawton Metropolitan Planning Organization
 - Fires Innovation Science and Technology Accelerator
- Single Audit Reports

Sincerely,

Forvis Mazars, LLP



Cynthia Burns, CPA
Director

Annual Financial Statements and Independent Auditor's Report

For Fiscal Year Ended June 30, 2022

Investing in the Growth and Quality of Lawton's Future



City of Lawton
OKLAHOMA

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
of the City of Lawton, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawton, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawton, Oklahoma, as of June 30, 2022, 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.

We did not audit the financial statements of the Lawton Urban Renewal Authority, the Lawton Metropolitan Area Airport Authority, the McMahon Auditorium Authority, the Museum of the Great Plains Trust Authority, the Lawton Metropolitan Planning Organization and the Fires Innovation Science and Technology Accelerator, which represent 87%, 1,329% and 74% of the assets and deferred outflows of resources, net position and revenues, respectively, of the aggregate discretely presented component units. We also did not audit the financial statements of the City Employees Retirement Trust Fund, which represents 53%, 56%, and (14)% of the assets and deferred outflows of resources, net position and revenues respectively, of the aggregate remaining fund information of the City. Those statements were audited by other auditors, whose reports have been furnished to us and our opinions, insofar as they relate to the amounts included for the discretely presented component units and the City Employee Retirement Trust Fund, are based solely on the reports of the other auditors.

Basis for Opinions

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

The Honorable Mayor and Members of the City Council
of the City of Lawton, Oklahoma

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

The Honorable Mayor and Members of the City Council
of the City of Lawton, Oklahoma

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated April 10, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

FORVIS, LLP

Rogers, Arkansas
April 10, 2024

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022**

Our discussion and analysis of the City of Lawton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$35.6 million or 10.7% from the prior year, while the negative portion of the unrestricted net position decreased by \$24.4 million or 100.6%.
- During the year, the City's expenses for governmental activities were \$86.9 million and were funded by program revenues of \$21.8 million and further funded with taxes and other general revenues, including transfers in, that totaled \$90.5 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$19.4 million.
- Sales and use taxes increased by \$9.3 million or 17.4% over the prior fiscal year.
- At June 30, 2022, the General Fund reported an unassigned fund balance of \$29.3 million.
- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$14.4 million or 22.3%, while expenditures were over final appropriations by \$2.2 million or 3.7%.
- The City and the Lawton Water Authority issued new debt totaling \$12.5 million excluding judgments payable. The debt was issued to provide funding for capital improvements for streets, information technology and water improvements.
- The City implemented a new accounting software in fiscal year 2022. During this process, the city closed several funds and combined them with other funds to better manage the overall fund structure.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Lawton (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39 61 and 80. Included in this report are government-wide statements for each of three categories of activities – governmental, business-type and discretely-presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets), deferred outflows of resources, liabilities (including all long-term debt) and deferred inflows of resources.

About the City

The City of Lawton is an incorporated municipality with a population of approximately 96,800 located in southwestern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

- Legislative – the governing body includes an elected eight-member City Council and Mayor.
- Executive – the City Manager is the Chief Administrative Officer and is appointed by the City Council.
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council.

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council of the City of Lawton is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Lawton, four active blended component units and eight active discretely presented component units as follows.

Primary Government:

- **The City of Lawton** – incorporated municipality that operates the public safety, health and welfare, streets and highways, culture and recreation, and administrative activities as a home rule charter city.

Blended Component Units:

- **Lawton Water Authority (LWA)** – public trust that operates the water, wastewater, and sanitation services of the City. The Trust is reported as an enterprise fund.
- **City Transit Trust** – public trust that operates and maintains public transportation systems and facilities. The Trust is reported as the Special Revenue Mass Transit Fund.
- **Lawton Urban Homesteading Agency** – public trust created to purchase and maintain property, buildings and facilities to upgrade neighborhood areas in accordance with the Urban Homesteading Program of the City. The Agency is reported as the Special Revenue Lawton Urban Homestead Fund.
- **Lawton Parking Authority (inactive)** – public trust created to operate and maintain public parking systems and facilities.
- **Lawton Industrial Development Authority (LIDA)**– public trust created to promote industrial development within the Lawton area. The Trust is reported as the Special Revenue LIDA Fund and is considered a major governmental fund.

Discretely Presented Component Units:

- **Lawton Metropolitan Area Airport Authority (LMAAA)** – public trust that operates to develop and maintain airport operations for the City.
- **McMahon Auditorium Authority (MAA)** – public trust created to operate and maintain the McMahon Auditorium, a public and municipal auditorium of the City.
- **Museum of the Great Plains Trust Authority** – public trust created to collect, preserve, and exhibit items relevant to cultural history of man in the Great Plains of North America.
- **Lawton Economic Development Authority (LEDA)** – public trust created to promote economic development within the Lawton area.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022**

- **Lawton Metropolitan Planning Organization (LMPO)**– public trust created to coordinate planning and development of transportation activities within the Lawton Metropolitan area.
- **Lawton Enhancement Trust Authority (LETA)** – public trust created to beautify and aesthetically enhance the appearance of the City of Lawton.
- **Lawton Urban Renewal Authority (LURA)** – public trust created to administer approved urban renewal projects within the City of Lawton.
- **Fires Innovation Science and Technology Accelerator Development Trust Authority (FISTSA)** – public trust created to promote high quality business development.

All of the above discretely presented component units, except for the Lawton Economic Development Authority and the Lawton Enhancement Trust Authority, issue separate financial statement reports which may be obtained by contacting their respective offices.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Notes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Required Supplementary Information** – Provides other information required by GASB, such as budgetary comparisons, pension, and other postemployment benefit (OPEB) information.
- **Other Supplementary Information** – that provide additional information about specified elements of the financial statements, combining schedules and long-term debt service coverage.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes from the prior year. You can think of the City's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources– as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and culture. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.
- **Discretely-presented component units** -- These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Lawton Metropolitan Area Airport Authority, McMahon Auditorium Authority, Museum of the Great Plains Trust Authority, Lawton Economic Development Authority, Lawton Enhancement Trust Authority, Lawton Urban Renewal Authority, Lawton Metropolitan Planning Organization, and Fires Innovation Science and Technology Accelerator Development Trust Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$368.6 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Current assets	\$ 134,382	\$ 118,400	13%	\$ 44,529	\$ 33,166	34%	\$ 178,911	\$ 151,566	18%
Capital assets, net	194,275	187,714	3%	221,079	216,991	2%	415,354	404,705	3%
Other noncurrent assets	11,971	176	6702%	1,939	2,379	-18%	13,910	2,555	444%
Total assets	<u>340,628</u>	<u>306,290</u>	11%	<u>267,547</u>	<u>252,536</u>	6%	<u>608,175</u>	<u>558,826</u>	9%
Deferred outflows	<u>14,122</u>	<u>18,383</u>	-23%	<u>3,789</u>	<u>3,460</u>	10%	<u>17,911</u>	<u>21,843</u>	-18%
Current liabilities	38,798	28,973	34%	7,830	8,621	-9%	46,628	37,594	24%
Noncurrent liabilities	96,314	128,927	-25%	69,012	66,139	4%	165,326	195,066	-15%
Total liabilities	<u>135,112</u>	<u>157,900</u>	-14%	<u>76,842</u>	<u>74,760</u>	3%	<u>211,954</u>	<u>232,660</u>	-9%
Deferred inflows	<u>39,877</u>	<u>12,410</u>	221%	<u>5,629</u>	<u>2,597</u>	117%	<u>45,506</u>	<u>15,007</u>	203%
Net position									
Net investment in capital assets	160,703	152,758	5%	176,731	177,732	-1%	337,434	330,490	2%
Restricted	29,203	22,880	28%	1,841	3,523	-48%	31,044	26,403	18%
Unrestricted (deficit)	(10,145)	(21,275)	52%	10,293	(2,616)	493%	148	(23,891)	101%
Total net position	<u>\$ 179,761</u>	<u>\$ 154,363</u>	16%	<u>\$ 188,865</u>	<u>\$ 178,639</u>	6%	<u>\$ 368,626</u>	<u>\$ 333,002</u>	11%

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2022, this net investment in capital assets amounted to \$337 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$31 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position creates an unrestricted net position of \$0.1 million that may be used to meet the government's ongoing obligations to citizens and creditors.

Explanations of significant changes displayed in Table 1 are as follows:

Governmental Activities:

Current assets – Increased \$16.0 million (13%) due to an increase in cash and investments related to debt proceeds on hand and ARPA grant funds received and not spent.

Other noncurrent assets – Increased \$11.7 million (6702%) due to the recording of a net pension asset related to the Oklahoma Police Pension Fund.

Current liabilities – Increase of \$9.8 million (34%) due to an increase in unearned revenue related to ARPA funds that were received but not spent and an increase in accounts payable related to construction projects.

Noncurrent liabilities – Decrease of \$32.6 million (25%) related to a reduction in debt from scheduled principal payments and a reduction in the net pension liabilities with the police pension recording a net asset instead of a liability.

Deferred outflow and inflows – Decrease in both categories related to changes in the pension plans.

Business-Type Activities:

Current assets – Increased by \$11.4 million (34%) due the LWA recording an operating gain for the fiscal year.

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for service	\$ 6,743	\$ 7,763	-13%	\$ 49,532	\$ 47,785	4%	\$ 56,275	\$ 55,548	1%
Operating grants and contributions	14,859	16,395	-9%	487	-	100%	15,346	16,395	-6%
Capital grants and contributions	171	16,828	-99%	17	952	-98%	188	17,780	-99%
General revenues:									
Sales and use taxes	62,857	53,546	17%	-	-	-	62,857	53,546	17%
Other taxes and intergovernmental revenues	14,841	10,161	46%	-	-	-	14,841	10,161	46%
Investment income	325	320	2%	160	9	1678%	485	329	47%
Miscellaneous	2,915	2,103	39%	237	234	1%	3,152	2,337	35%
Total revenues	<u>102,711</u>	<u>107,116</u>	-4%	<u>50,433</u>	<u>48,980</u>	3%	<u>153,144</u>	<u>156,096</u>	-2%
Expenses									
General government	19,439	21,274	-9%	-	-	-	19,439	21,274	-9%
Public safety	37,496	44,623	-16%	-	-	-	37,496	44,623	-16%
Streets	14,310	8,840	62%	-	-	-	14,310	8,840	62%
Transportation	3,292	2,299	43%	-	-	-	3,292	2,299	43%
Culture and recreation	7,458	7,358	1%	-	-	-	7,458	7,358	1%
Community/economic development	3,806	1,496	154%	-	-	-	3,806	1,496	154%
Interest	1,108	1,887	-41%	-	-	-	1,108	1,887	-41%
Water	-	-	-	16,402	14,977	10%	16,402	14,977	10%
Wastewater	-	-	-	8,225	7,905	4%	8,225	7,905	4%
Sanitation	-	-	-	5,985	6,278	-5%	5,985	6,278	-5%
Total expenses	<u>86,909</u>	<u>87,777</u>	-1%	<u>30,612</u>	<u>29,160</u>	5%	<u>117,521</u>	<u>116,937</u>	0%
Excess (deficiency) before transfers	15,802	19,339	-18%	19,821	19,820	0%	35,623	39,159	-9%
Transfers	<u>9,595</u>	<u>20,545</u>	53%	<u>(9,595)</u>	<u>(20,545)</u>	-53%	<u>-</u>	<u>-</u>	-
Change in net position	<u>25,397</u>	<u>39,884</u>	-36%	<u>10,226</u>	<u>(725)</u>	-1510%	<u>35,623</u>	<u>39,159</u>	-9%

Explanations of significant changes in excess of \$1 million and 20% displayed in Table 2 are as follows:

Governmental Activities:

Capital grants and contributions – increase of \$16.6 million (399%) due to contribution of a building from FISTA in the prior fiscal year.

Expenses – all expense functions changed due to the city changing categories and restructuring during the software conversion.

Operating transfers – decrease of \$10.9 million (53%) due to a decrease in transfers in from other funds for operation and transfer of sales tax to comply to debt indentures.

Business-Type Activities:

Operating transfers – increase of \$10.9 million (53%) due to a decrease in transfers in from other funds for operation and transfer of sales tax to comply to debt indentures.

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

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 revenues from that 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 on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is 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.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 19,439	\$ 21,274	-9%	\$ (9,670)	\$ (7,069)	37%
Public safety	37,496	44,623	-16%	(32,306)	(39,208)	-18%
Streets	14,310	8,840	62%	(13,681)	(6,347)	116%
Transportation	3,292	2,299	43%	(6,821)	14,405	-147%
Community/economic development	7,458	1,496	399%	(1,138)	115	-1090%
Culture, parks and recreation	3,806	7,358	-48%	(412)	(6,800)	-94%
Interest on long-term debt	1,108	1,887	-41%	(1,108)	(1,887)	-41%
Total	<u>\$ 86,909</u>	<u>\$ 87,777</u>	-1%	<u>\$ (65,136)</u>	<u>\$ (46,791)</u>	39%

For the year ended June 30, 2022, total expenses for governmental activities amounted to \$86.9 million, an decrease of 1% from the prior year. See Table 2 above for explanations of changes in excess of \$1 million and 20%.

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 16,402	\$ 14,977	10%	\$ 10,285	\$ 10,160	1%
Wastewater	8,225	7,905	4%	2,373	3,305	-28%
Sanitation	5,985	6,278	-5%	6,766	6,112	11%
Total	<u>\$ 30,612</u>	<u>\$ 29,160</u>	5%	<u>\$ 19,424</u>	<u>\$ 19,577</u>	-1%

The City's business-type activities include utility services for water, wastewater, and sanitation. In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues, before transfers, of \$19.4 million for the year ended June 30, 2022.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Each individual activities/services reported net revenue for the year ended June 30, 2022.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined total fund balance of \$109.8 million or a 4.9% increase from 2021. The proprietary funds reported combined total net position of \$188.9 million or a 5.7% increase from 2021.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$6.1 million or 22.2%.
- The 2019 CIP Fund's total fund balance decreased by \$6.1 million or 19.7% due to capital project expenditures and transfers from other funds.
- The Federal Grant Fund received \$14.8 million of ARPA funding that had not been spent as of June 30.
- The Street and GO Bond Fund fund balance decreased by \$2.3 million due to expenditure of proceeds of GO bonds for street purposes. Also, the fund issued of \$3.4 million of GO Bonds for street purposes.

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues above estimates by \$14.4 million or 22.32%, while expenditures were over final appropriations by \$2.2 million or 3.75%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$415 million invested in capital assets including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This represents a net increase of \$10.6 million or 2.6% over the prior year.

**TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 5,298	\$ 5,057	\$ 1,893	\$ 1,893	7,191	\$ 6,950
Buildings and utility infrastructure	84,497	45,951	170,919	163,434	255,416	209,385
Machinery, furniture and equipment	9,492	69,060	8,051	7,743	17,543	76,803
Infrastructure	70,453	9,700	-	-	70,453	9,700
Water rights	-	-	27,519	27,905	27,519	27,905
Construction in progress	24,535	57,946	12,697	16,016	37,232	73,962
Totals	<u>\$ 194,275</u>	<u>\$ 187,714</u>	<u>\$ 221,079</u>	<u>\$ 216,991</u>	<u>\$ 415,354</u>	<u>\$ 404,705</u>

See Note 2.C. to the financial statements for more detail information on the City's capital assets and changes therein.

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

Long-Term Liabilities

At year-end, the City had \$125.2 million in long-term liabilities outstanding which represents a \$1.9 million or 1.5% increase from the prior year. The increase is due to the City issuing \$18.0 million of new debt and retiring \$16.8 million. The City's changes in long-term liabilities by type of debt are as follows:

TABLE 6
Long-Term Obligations
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued compensated absences	\$ 9,165	\$ 6,065	\$ 1,577	\$ 997	\$ 10,742	\$ 7,062
General obligation bonds	27,050	26,885	-	-	27,050	26,885
Debt premium	545	525	888	955	1,433	1,480
Worker's Compensation liability	450	509	338	383	788	892
Judgment payable	587	861	-	-	587	861
Revenue Notes payable	22,909	29,446	7,611	10,119	30,520	39,565
Notes payable	3,130	3,587	20,879	12,333	24,009	15,920
Contracts payable	-	-	21,885	23,527	21,885	23,527
Landfill Closure and Post-Closure	-	-	8,231	7,167	8,231	7,167
Totals	\$ 63,836	\$ 67,878	\$ 61,409	\$ 55,481	\$ 125,245	\$ 123,359

See Note 2.E. to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year FY 2022-2023

The City of Lawton has been very proactive in positioning the community for future success. The City continues to monitor and be aware of the local economic issues as well as the Federal and State issues. The City continues to adapt to the current economic climate and ensure the citizens of Lawton receive the best possible services.

Because Lawton is an expanding municipality, the Council will always be challenged to grow revenues, as well as to try to locate new revenue sources. While revenues have remained steady, the rapid increase in the costs of goods (including shipping) will present a new challenge for the City to overcome.

In February 2020, the Citizens of Lawton passed the capital improvement plan entitled PROPEL or Pursuing Renewed Opportunity and Projects to Elevate Lawton. The approval of this program ceased the continuation of the 2015 Sales Tax Extension and 2016 CIP and carried forward their combined 2.125% sales tax through December 2034. Collections will cover projects from the prior programs as well as newly identified ones. Through June 30, 2022, this tax has generated \$56,999,280 and is expected to produce \$491,639,418 over the life of the tax. Over the next budget year, the City intends on completing \$224,497,780 in various projects and public services programs. From past project borrowings the tax will provide for \$4,379,000 in debt service payments.

In February 2017, the Citizens of Lawton approved a series of general obligation bonds in the amount of \$55,300,000 to be funded over a thirteen-year period for improvements to the City's streets and roadways. Since the approval of these bonds started over \$34,896,028 in street projects have been completed. The City can obtain another \$20,403,972 before 2029. The City intends to ask voters to approve another \$60,000,000 GO Bond issuance for roads and bridges.

In December 2019, the Council approved the Skills Training, Education, Development and Investment (STEDI) Project Plan, creating twelve new non-retail/industrial Tax Incentive Finance Districts on 1,428 acres of future

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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development area which, when activated by the City Council, are expected to generate more than \$118 million to attract new non-retail/industrial business development, accelerate job growth, provide public improvements, and support STEM education and job training within the community.

The creation of the FISTA, or Fires Innovation Science and Technology Accelerator, came to fruition as the City collaborated with valued community partners, Fort Sill, the Great Plains Technology Center, and Cameron University. The innovation park will allow for investment in industrial development and high-tech job creation. FISTA activities are planned to include defense-related industrial space for research and development, science and technology laboratory rooms, and an initial prototyping integration facility. The managing authority of this project, the FISTA Development Trust Authority, was created and approved in August 2020. Since this time FISTA has generated approximately \$32,800,000 in various projects.

Prior to FY 2022 the City of Lawton has received \$18,202,822 in Coronavirus Local Fiscal Recovery Fund under the American Rescue Plan Act. The city has obligated \$10,788,492 to date, leaving \$7,414,330. It is expected that these remaining funds will be spent on infrastructure improvements in the Lawton Industrial Park.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact:

Finance Department
City of Lawton
102 S.W. 5th Street
Lawton, Oklahoma 73501
Telephone at 580-581-3305

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF LAWTON, OKLAHOMA
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Statement of Net Position– June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 105,812,707	\$ 26,540,930	\$ 132,353,637	\$ 5,952,381
Cash and cash equivalents, restricted current	-	4,006,623	4,006,623	3,689,253
Investments	16,367,807	3,153,229	19,521,036	1,260,376
Investments, restricted	-	1,247,667	1,247,667	-
Interest receivable	37,921	2,499	40,420	19
Accounts receivable, net	984,441	8,535,921	9,520,362	614,695
Inventory	155,514	-	155,514	210,676
Prepaid items	1,732	-	1,732	301,146
Due from other governments	8,462,932	487,230	8,950,162	711,562
Other assets	-	-	-	5,727
Lease receivable	115,206	555,365	670,571	2,612,809
Advance to component unit	2,601,047	-	2,601,047	-
Cash and cash equivalents, restricted noncurrent	-	1,938,926	1,938,926	1,427,903
Net pension asset	11,813,860	-	11,813,860	-
Land held for resale	-	-	-	2,540,659
Capital assets:				
Land and construction in progress	29,832,606	14,590,205	44,422,811	3,296,978
Other capital assets, net of depreciation	164,442,323	206,488,661	370,930,984	32,157,470
Total Assets	340,628,096	267,547,256	608,175,352	54,781,654
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	12,629,242	1,580,668	14,209,910	-
Deferred amount related to OPEB	1,492,738	972,307	2,465,045	-
Deferred amount on refunding	-	1,235,709	1,235,709	-
Total deferred outflows	14,121,980	3,788,684	17,910,664	-
LIABILITIES				
Accounts payable and accrued liabilities	11,181,633	980,688	12,162,321	1,757,023
Accrued interest payable	330,467	126,476	456,943	202,541
Unearned revenue	14,801,114	-	14,801,114	178,828
Advance from primary government	-	-	-	2,703,313
Long-term liabilities:				
Due within one year	12,485,035	6,722,659	19,207,694	2,997,954
Due in more than one year	96,313,977	69,011,943	165,325,920	42,413,658
Total liabilities	135,112,226	76,841,766	211,953,992	50,253,317
DEFERRED INFLOWS:				
Deferred amounts related to pensions	33,999,347	3,338,713	37,338,060	-
Deferred amounts related to OPEB	5,761,346	1,739,082	7,500,428	-
Deferred amounts related to leases	116,246	551,361	667,607	2,612,809
Total deferred inflows	39,876,939	5,629,156	45,506,095	2,612,809
NET POSITION:				
Net investment in capital assets	160,703,572	176,730,608	337,434,180	35,454,878
Net Position:				
Restricted	29,202,702	1,841,112	31,043,814	5,297,961
Unrestricted (deficit)	(10,145,363)	10,293,298	147,935	(38,837,311)
Total net position	\$ 179,760,911	\$ 188,865,018	\$ 368,625,929	\$ 1,915,528

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities –Year Ended June 30, 2022

Program Revenue					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 19,439,018	\$ 2,066,907	\$ 7,702,158	\$ -	\$ (9,669,953)	\$ -	\$ (9,669,953)	\$ -
Public Safety	37,496,408	2,308,492	2,738,702	142,653	(32,306,561)	-	(32,306,561)	-
Streets	14,309,722	529,766	84,484	14,103	(13,681,369)	-	(13,681,369)	-
Culture and recreation	7,457,809	471,438	151,029	14,177	(6,821,165)	-	(6,821,165)	-
Community development	3,806,324	1,127,094	1,541,533	-	(1,137,697)	-	(1,137,697)	-
Transportation	3,291,719	239,063	2,640,889	-	(411,767)	-	(411,767)	-
Interest on long-term debt	1,107,700	-	-	-	(1,107,700)	-	(1,107,700)	-
Total governmental activities	86,908,700	6,742,760	14,858,795	170,933	(65,136,212)	-	(65,136,212)	-
Business-type activities:								
Water	16,402,029	26,189,764	487,230	10,000	-	10,284,965	10,284,965	-
Wastewater	8,225,173	10,591,806	-	6,725	-	2,373,358	2,373,358	-
Sanitation	5,984,695	12,750,736	-	-	-	6,766,041	6,766,041	-
Total business-type activities	30,611,897	49,532,306	487,230	16,725	-	19,424,364	19,424,364	-
Total primary government	117,520,597	56,275,066	15,346,025	187,658	(65,136,212)	19,424,364	(45,711,848)	-
Component Units:								
Airport	4,957,509	2,946,096	791,588	1,219,714	-	-	-	(111)
Culture and Recreation	2,653,894	317,073	1,525,077	-	-	-	-	(811,744)
Economic Development	5,636,006	2,775,211	4,086,823	-	-	-	-	1,226,028
Transportation	467,535	-	460,552	-	-	-	-	(6,983)
Total component units	13,714,944	6,038,380	6,864,040	1,219,714	-	-	-	407,190
General revenues:								
Taxes:								
Sales and use taxes					62,856,958	-	62,856,958	-
Property tax					4,848,822	-	4,848,822	-
Franchise and public service taxes					2,670,647	-	2,670,647	-
Hotel/motel taxes					2,039,647	-	2,039,647	-
Intergovernmental revenue not restricted to specific programs					1,880,220	-	1,880,220	-
Grant revenue not restricted to specific programs					3,401,707	-	3,401,707	-
Investment income					325,167	159,555	484,722	-
Miscellaneous					2,915,329	237,432	3,152,761	(168,064)
Transfers - internal activity					9,595,294	(9,595,294)	-	-
Total general revenues and transfers					90,533,791	(9,198,307)	81,335,484	(168,064)
Change in net position					25,397,579	10,226,057	35,623,636	239,126
Net position - beginning					154,363,332	178,638,961	333,002,293	1,676,402
Net position - ending					\$ 179,760,911	\$ 188,865,018	\$ 368,625,929	\$ 1,915,528

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Governmental Funds Balance Sheet - June 30, 2022

	<u>General Fund</u>	<u>Federal Grant Fund</u>	<u>2019 Capital Improvement Fund</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 24,827,822	\$ 17,931,713	\$ 13,399,099	\$ 18,144,310	\$ 31,250,583	\$ 105,553,527
Investments	1,822,540	-	11,299,904	-	3,245,363	16,367,807
Receivables:						
Accounts receivable	12,030	-	-	-	971,556	983,586
Accrued interest receivable	2,376	-	28,746	-	6,799	37,921
Advance to component unit	-	-	-	-	2,601,047	2,601,047
Due from other funds	3,625,867	-	-	-	125,690	3,751,557
Due from other governments	6,669,527	34,302	688,842	-	1,070,261	8,462,932
Lease receivable	115,206	-	-	-	-	115,206
Inventory	155,514	-	-	-	-	155,514
Prepaid item	1,732	-	-	-	-	1,732
Total assets	<u>\$ 37,232,614</u>	<u>\$ 17,966,015</u>	<u>\$ 25,416,591</u>	<u>\$ 18,144,310</u>	<u>\$ 39,271,299</u>	<u>\$ 138,030,829</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,456,864	\$ 4,220	\$ 4,778,397	\$ 921,701	\$ 1,585,534	\$ 10,746,716
Due to other funds	125,690	-	-	-	2,038,254	2,163,944
Unearned revenue	-	14,801,114	-	-	-	14,801,114
Total liabilities	<u>3,582,554</u>	<u>14,805,334</u>	<u>4,778,397</u>	<u>921,701</u>	<u>3,623,788</u>	<u>27,711,774</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	116,246	-	-	-	-	116,246
Unavailable revenue	-	-	-	-	370,495	370,495
Total deferred inflows of resources	<u>116,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,495</u>	<u>486,741</u>
Fund balances:						
Nonspendable	157,246	-	-	-	-	157,246
Restricted	-	3,160,681	-	17,222,609	26,531,650	46,914,940
Committed	3,467,607	-	-	-	942,783	4,410,390
Assigned	600,356	-	20,638,194	-	9,449,483	30,688,033
Unassigned (deficit)	29,308,605	-	-	-	(1,646,900)	27,661,705
Total fund balances	<u>33,533,814</u>	<u>3,160,681</u>	<u>20,638,194</u>	<u>17,222,609</u>	<u>35,277,016</u>	<u>109,832,314</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,232,614</u>	<u>\$ 17,966,015</u>	<u>\$ 25,416,591</u>	<u>\$ 18,144,310</u>	<u>\$ 39,271,299</u>	<u>\$ 138,030,829</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 109,832,314
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, net of accumulated depreciation of \$118,660,175 and net of Internal Service Fund capital assets of \$8,774,238	185,500,691
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with deferred outflows, are not reported in this fund financial statement:	
Mortgages receivable related to deferred inflows	370,495
Net pension asset	11,813,860
Pension related deferred outflows	12,629,242
OPEB related deferred outflows	1,492,738
Some liabilities are not due and payable in the current period and, along with deferred inflows, are not included in the fund financial statement:	
General obligations bonds	(27,050,000)
Accrued interest payable	(330,467)
Unamortized bond premium	(545,006)
Notes payable	(3,129,650)
Judgments payable	(587,428)
Revenue notes payable	(22,909,416)
Total OPEB liability	(9,506,571)
Accrued compensated absences	(9,040,725)
Net pension liability	(35,456,096)
Pension related deferred inflows	(33,999,347)
OPEB related deferred inflows	(5,761,346)
Accrued workers compensation claims	(449,925)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position:	
Internal service fund net position	6,887,548
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 179,760,911</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2022

	<u>General Fund</u>	<u>Federal Grant Fund</u>	<u>2019 Capital Improvement Fund</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 65,957,769	\$ -	\$ -	\$ -	\$ 6,888,469	\$ 72,846,238
Intergovernmental	5,070,976	3,803,387	7,029,793	-	4,849,255	20,753,411
Charges for services	579,393	-	-	-	1,476,134	2,055,527
Fines and forfeitures	2,055,145	-	-	-	975,134	3,030,279
Licenses and permits	1,083,395	-	-	-	620	1,084,015
Investment income	128,698	6	159,372	52,907	(15,816)	325,167
Miscellaneous	1,757,253	-	(250)	-	2,177,067	3,934,070
Total revenues	<u>76,632,629</u>	<u>3,803,393</u>	<u>7,188,915</u>	<u>52,907</u>	<u>16,350,863</u>	<u>104,028,707</u>
EXPENDITURES						
Current:						
General government	9,820,591	-	-	-	1,176,908	10,997,499
Public Safety	37,701,172	144,476	436,069	-	2,411,847	40,693,564
Public works and streets	8,327,295	-	-	67,345	1,052,963	9,447,603
Culture and recreation	6,803,296	83,350	-	-	1,344,053	8,230,699
Community development	2,263,014	-	-	-	1,646,920	3,909,934
Transportation	-	-	-	-	2,862,214	2,862,214
Capital Outlay	876,479	852,312	17,830,730	5,787,018	6,641,812	31,988,351
Debt Service:						
Principal	168,017	-	-	-	10,544,344	10,712,361
Interest and fiscal charges	57,668	-	-	-	1,335,044	1,392,712
Total expenditures	<u>66,017,532</u>	<u>1,080,138</u>	<u>18,266,799</u>	<u>5,854,363</u>	<u>29,016,105</u>	<u>120,234,937</u>
Excess (deficiency) of revenues over expenditures	<u>10,615,097</u>	<u>2,723,255</u>	<u>(11,077,884)</u>	<u>(5,801,456)</u>	<u>(12,665,242)</u>	<u>(16,206,230)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	3,420,000	-	3,420,000
Debt issuance premium	-	-	-	96,334	-	96,334
Transfers in	26,310,207	20,737	28,832,855	-	26,362,051	81,525,850
Transfers out	<u>(30,832,071)</u>	<u>-</u>	<u>(22,822,216)</u>	<u>-</u>	<u>(10,047,879)</u>	<u>(63,702,166)</u>
Total other financing sources (uses)	<u>(4,521,864)</u>	<u>20,737</u>	<u>6,010,639</u>	<u>3,516,334</u>	<u>16,314,172</u>	<u>21,340,018</u>
Net change in fund balances	6,093,233	2,743,992	(5,067,245)	(2,285,122)	3,648,930	5,133,788
Fund balances - beginning	27,440,581	416,689	25,705,439	19,507,731	31,628,086	104,698,526
Fund balances - ending	<u>\$ 33,533,814</u>	<u>\$ 3,160,681</u>	<u>\$ 20,638,194</u>	<u>\$ 17,222,609</u>	<u>\$ 35,277,016</u>	<u>\$ 109,832,314</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 5,133,788

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	11,208,022
Capital assets donated	36,117
Capital assets transferred from business type activities	11,568
Capital assets transferred to business type activities	(1,179)
Depreciation expense	(8,055,459)
Disposed capital assets	(24,258)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.

8,925,977

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	(12,975)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Incurrence of judgments rendered against the City	(198,802)
Judgment payments	472,616
Debt proceeds	(3,420,000)
Debt premium	(96,334)
General obligation bonds principal payments	3,255,000
Revenue note principal payments	6,536,219
Note payable principal payments	456,968

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	92,506
Change in accrued compensated absences	(3,071,732)
Change in total OPEB liability	(56,782)
Amortization of bond premium	76,811
Change in accrued workers comp claim	59,198

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Total change in net position for internal service funds	4,070,310
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Change in net position of governmental activities	\$ 25,397,579
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See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Net Position - June 30, 2022

	Lawton Water Authority - Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,540,930	\$ 259,180
Investments	3,153,229	-
Cash and cash equivalents, restricted	4,006,623	-
Investments, restricted	1,247,667	-
Accounts receivable, net of allowance \$2,416,528	8,535,921	855
Interest receivable	2,499	-
Due from other governments	487,230	-
Leases receivable	555,365	-
Total current assets	<u>44,529,464</u>	<u>260,035</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	1,938,926	-
Land and construction in progress	14,590,205	8,342,869
Other capital assets, net	206,488,661	431,369
Total noncurrent assets	<u>223,017,792</u>	<u>8,774,238</u>
Total assets	<u>267,547,256</u>	<u>9,034,273</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	1,580,668	-
Deferred amounts related to OPEB	972,307	-
Deferred amount on refunding	1,235,709	-
	<u>3,788,684</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	980,688	94,919
Accrued interest payable	126,476	-
Due to other funds	-	1,587,613
Accrued compensated absences	188,488	14,841
Deposits subject to refund	439,919	-
Landfill post closure liability	1,205,799	-
Contract payable - Waurika note	1,688,606	-
Worker's compensation liability	169,210	-
Notes payable	439,758	-
Revenue bonds payable	2,590,879	-
Total current liabilities	<u>7,829,823</u>	<u>1,697,373</u>
Noncurrent liabilities:		
Accrued compensated absences	1,388,823	109,354
Landfill post closure liability	7,025,592	-
Claims liability	-	339,998
Contract payable - Waurika note	21,084,422	-
Worker's compensation liability	169,210	-
Deposits subject to refund	1,908,053	-
Total OPEB liability	2,927,165	-
Notes payable	20,438,952	-
Revenue bond payable, net	5,019,704	-
Net pension liability	9,050,022	-
Total noncurrent liabilities	<u>69,011,943</u>	<u>449,352</u>
Total liabilities	<u>76,841,766</u>	<u>2,146,725</u>
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	3,338,713	-
Deferred amounts related to OPEB	1,739,082	-
Deferred amounts related to leases	551,361	-
	<u>5,629,156</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	176,730,608	8,774,238
Restricted for debt service	2,621,246	-
Restricted for landfill financial assurance	158,596	-
Unrestricted (deficit)	9,354,568	(1,886,690)
Total net position	<u>\$ 188,865,018</u>	<u>\$ 6,887,548</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2022

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 49,532,306	\$ 8,146,888
Other sources	220,395	-
Operating grants	487,230	-
Total operating revenues	<u>50,239,931</u>	<u>8,146,888</u>
OPERATING EXPENSES		
General government and claims	-	6,129,150
Public works operations	18,050,400	-
Computer service operations	-	1,544,549
Depreciation expense	9,946,392	54,886
Landfill closure expense	1,064,167	-
Total operating expenses	<u>29,060,959</u>	<u>7,728,585</u>
Operating income	<u>21,178,972</u>	<u>418,303</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	159,555	417
Interest expense and fiscal charges	(1,400,640)	-
Loss on asset retirement	(150,298)	(519)
Other non-operating revenue	17,037	244,860
Capital assets purchased for governmental activities	-	(11,568)
Total nonoperating revenue (expenses)	<u>(1,374,346)</u>	<u>233,190</u>
Income (loss) before contributions and transfers	<u>19,804,626</u>	<u>651,493</u>
Capital asset transfers in and capital contributions	8,245,115	3,418,817
Transfers in	10,053,812	-
Transfers out	<u>(27,877,496)</u>	<u>-</u>
Change in net position	10,226,057	4,070,310
Total net position - beginning	178,638,961	2,817,238
Total net position - ending	<u>\$ 188,865,018</u>	<u>\$ 6,887,548</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022

	<u>Lawton Water</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 48,518,863	\$ -
Receipts from interfund services provided	-	8,390,893
Payments to suppliers	(9,634,107)	(962,006)
Payments to employees	(8,422,210)	(1,092,211)
Receipts of customer meter deposits	500,609	-
Refunds of customer meter deposits	(1,175,111)	-
Receipts from (payments on) interfund loan	-	(197,753)
Claims and benefits paid	-	(6,107,657)
Net cash provided by operating activities	<u>29,788,044</u>	<u>31,266</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	10,053,812	-
Transfers to other funds	(27,877,496)	-
Principal paid on debt	(237,677)	-
Interest and fiscal agent fees paid on debt	(132,499)	-
Net cash used in noncapital financing activities	<u>(18,193,860)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(6,462,124)	(23,199)
Capital assets purchased for other funds	-	(11,433)
Principal paid on debt	(4,427,691)	-
Interest and fiscal charges paid on debt	(1,291,389)	-
Proceeds from debt	9,061,153	-
Net cash used in capital and related financing activities	<u>(3,120,051)</u>	<u>(34,632)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	88,830	-
Interest and dividends	180,043	417
Net cash provided by investing activities	<u>268,873</u>	<u>417</u>
Net increase (decrease) in cash and cash equivalents	8,743,006	(2,949)
Balances - beginning of year	<u>23,743,473</u>	<u>262,129</u>
Balances - end of year	<u>\$ 32,486,479</u>	<u>\$ 259,180</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 26,540,930	\$ 259,180
Restricted cash and cash equivalents - current	4,006,623	-
Restricted cash and cash equivalents - noncurrent	1,938,926	-
Total cash and cash equivalents, end of year	<u>\$ 32,486,479</u>	<u>\$ 259,180</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 21,178,972	\$ 418,303
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	9,946,392	54,886
Other miscellaneous revenue	17,037	244,860
Change in assets, liabilities and deferrals:		
Receivables, net	(1,672,320)	(855)
Due from other governments	(61,781)	-
Lease receivable	(555,365)	-
Deferred outflows related to pension	(372,867)	-
Deferred outflows related to OPEB	(158,729)	-
Accounts payable	(762,831)	(529,624)
Deposits subject to refund	(674,502)	-
Due from other funds	-	13,763
Due to employees	33,810	-
Due to other funds	-	(211,516)
Claims liability	(44,527)	12,891
Landfill closure liability	1,064,167	-
Total OPEB liability	(5,626)	-
Net pension liability	(1,832,781)	-
Accrued compensated absences	579,945	28,558
Deferred inflows related to leases	551,361	-
Deferred inflows related to OPEB	244,611	-
Deferred inflows related to pension	2,313,078	-
Net cash provided by operating activities	<u>\$ 29,788,044</u>	<u>\$ 31,266</u>
Noncash investing, capital and financing activities:		
Book value of disposed assets	(150,298)	(654)
Noncash capital contributions received	8,245,115	3,418,817
	<u>\$ 8,094,817</u>	<u>\$ 3,418,163</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Fiduciary Fund Statement of Fiduciary Net Position - June 30, 2022

	City Employees Retirement Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,548,902
Investments, at fair value:	
Purchased judgments	587,427
United States government securities and agencies	845,615
Common stock	8,927,375
Mutual funds	42,819,920
Interest receivable	33,648
Employer contributions receivable	58,067
Employee contributions receivable	37,182
Total assets	<u>\$ 54,858,136</u>
 LIABILITIES	
Other payables	808,239
Total liabilities	<u>\$ 808,239</u>
 NET POSITION:	
Net position restricted for pensions	<u><u>\$ 54,049,897</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Fiduciary Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2022

	<u>City Employees Retirement Trust Fund</u>
ADDITIONS	
Contributions:	
Members	\$ 813,285
Employer	2,218,871
Total Contributions	<u>3,032,156</u>
Investment Income:	
Net decrease in fair value of investments	(12,645,202)
Interest, dividends and other	4,566,581
Total Investment loss	<u>(8,078,621)</u>
Less investment expense:	
Investment activity expense	<u>(379,180)</u>
Net Investment Income	<u>(8,457,801)</u>
Other income	820
Total Additions	<u>(5,424,825)</u>
DEDUCTIONS	
Benefits paid to participants or beneficiaries	5,977,651
Refunds and transfers to other systems	1,314,397
Administrative expense	22,290
Total Deductions	<u>7,314,338</u>
Change in net position restricted for pensions	(12,739,163)
Net position - beginning	66,789,060
Net position - ending	<u><u>\$ 54,049,897</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Component Units – Combining Statement of Net Position - June 30, 2022

	LAWTON METROPOLITAN AREA AIRPORT AUTHORITY	MCMAHON AUDITORIUM AUTHORITY	MUSEUM OF THE GREAT PLAINS TRUST AUTHORITY	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	LAWTON URBAN RENEWAL AUTHORITY	FIRES INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
ASSETS									
Current Assets:									
Cash, including time deposits	\$ 1,424,772	\$ 262,712	\$ 397,901	\$ 1,490,307	\$ 1,951,653	\$ 13,326	\$ 280,932	\$ 130,778	\$ 5,952,381
Restricted cash	-	-	-	-	1,015,783	-	2,673,470	-	3,689,253
Investments	-	-	1,260,376	-	-	-	-	-	1,260,376
Accounts receivable	113,724	17,105	500	88,924	-	-	82,363	312,079	614,695
Accrued interest receivable	-	-	19	-	-	-	-	-	19
Inventory	173,295	-	37,381	-	-	-	-	-	210,676
Land held for resale	-	-	-	-	2,540,659	-	-	-	2,540,659
Leases receivable	89,092	-	-	-	-	-	757,484	-	846,576
Due from other governments	67,943	-	-	-	-	-	74,961	-	142,904
Prepaid items	11,198	-	7,331	-	-	-	9,344	-	27,873
Total current assets	1,880,024	279,817	1,703,508	1,579,231	5,508,095	13,326	3,878,554	442,857	15,285,412
Noncurrent Assets:									
Cash, including time deposits	1,427,903	-	-	-	-	-	-	-	1,427,903
Due from other governments	-	-	-	-	-	568,658	-	-	568,658
Leases receivable	246,577	-	-	-	-	-	1,519,656	-	1,766,233
Prepaid land lease	273,273	-	-	-	-	-	-	-	273,273
Other assets	5,727	-	-	-	-	-	-	-	5,727
Capital Assets:									
Land and construction in progress	456,628	-	176,246	-	-	244,109	2,419,995	-	3,296,978
Depreciable, net of accumulated depreciation	25,838,879	681,121	5,497,736	-	-	-	134,295	5,439	32,157,470
Total noncurrent assets	28,248,987	681,121	5,673,982	-	-	812,767	4,073,946	5,439	39,496,242
Total Assets	30,129,011	960,938	7,377,490	1,579,231	5,508,095	826,093	7,952,500	448,296	54,781,654
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	301,932	14,090	117,331	8,595	398,698	-	768,047	148,330	1,757,023
Unearned revenue	12,972	42,304	-	-	-	-	123,552	-	178,828
Interest payable	-	-	-	-	167,281	-	35,260	-	202,541
Compensated absences	20,333	-	5,616	-	-	-	-	-	25,949
Notes payable	457,005	-	-	-	1,370,000	-	1,145,000	-	2,972,005
Total current liabilities	792,242	56,394	122,947	8,595	1,935,979	-	2,071,859	148,330	5,136,346
Noncurrent Liabilities:									
Due to primary government	-	-	-	1,087,034	1,302,986	102,266	-	211,027	2,703,313
Due to other governments	-	-	-	-	568,658	-	-	-	568,658
Notes payable	-	-	-	-	25,720,000	-	16,125,000	-	41,845,000
Total noncurrent liabilities	-	-	-	1,087,034	27,591,644	102,266	16,125,000	211,027	45,116,971
Total Liabilities	792,242	56,394	122,947	1,095,629	29,527,623	102,266	18,196,859	359,357	50,253,317
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows from leases	335,669	-	-	-	-	-	2,277,140	-	2,612,809
NET POSITION									
Net investment in capital assets	26,295,507	681,121	5,673,982	-	-	244,109	2,554,720	5,439	35,454,878
Restricted for construction projects	1,427,903	-	-	-	-	-	2,673,470	-	4,101,373
Restricted for grant projects	-	-	1,196,588	-	-	-	-	-	1,196,588
Unrestricted (deficit)	1,277,690	223,423	383,973	483,602	(24,019,528)	479,718	(17,749,689)	83,500	(38,837,311)
Total Net Position	\$ 29,001,100	\$ 904,544	\$ 7,254,543	\$ 483,602	\$ (24,019,528)	\$ 723,827	\$ (12,521,499)	\$ 88,939	\$ 1,915,528

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Component Units - Combining Statement of Activities - Year Ended June 30, 2022

	LAWTON METROPOLITAN AREA AIRPORT AUTHORITY	MCMAHON AUDITORIUM AUTHORITY	MUSEUM OF THE GREAT PLAINS TRUST AUTHORITY	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	LAWTON URBAN RENEWAL AUTHORITY	FIRES INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
Expenses:									
Airport	\$ 4,957,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,957,509
Culture and recreation	-	151,973	984,940	1,516,981	-	-	-	-	2,653,894
Economic development	-	-	-	-	1,786,280	12,669	3,043,775	-	4,842,724
Transportation	-	-	-	-	-	-	-	467,535	467,535
Interest expense	-	-	-	-	793,282	-	-	-	793,282
Total expenses	4,957,509	151,973	984,940	1,516,981	2,579,562	12,669	3,043,775	467,535	13,714,944
Program Revenues:									
Charges for services	2,946,096	70,939	246,134	-	-	-	2,775,211	-	6,038,380
Operating grants and contributions	791,588	138,626	675,063	711,388	2,980,639	6,000	1,100,184	460,552	6,864,040
Capital grants and contributions	1,219,714	-	-	-	-	-	-	-	1,219,714
Total program revenues	4,957,398	209,565	921,197	711,388	2,980,639	6,000	3,875,395	460,552	14,122,134
Net revenue (expense)	(111)	57,592	(63,743)	(805,593)	401,077	(6,669)	831,620	(6,983)	407,190
General Revenues (Expense):									
Investment income	11,451	66	(229,987)	1,226	523	3	48,569	85	(168,064)
Total general revenues	11,451	66	(229,987)	1,226	523	3	48,569	85	(168,064)
Change in Net Position	11,340	57,658	(293,730)	(804,367)	401,600	(6,666)	880,189	(6,898)	239,126
Net Position, beginning of year	28,989,760	846,886	7,548,273	1,287,969	(24,421,128)	730,493	(13,401,688)	95,837	1,676,402
Net Position, end of year	\$ 29,001,100	\$ 904,544	\$ 7,254,543	\$ 483,602	\$ (24,019,528)	\$ 723,827	\$ (12,521,499)	\$ 88,939	\$ 1,915,528

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Component Units Combining - Governmental Funds Balance Sheet - June 30, 2022

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,490,307	\$ 1,951,653	\$ 3,441,960
Accounts receivable	88,924	1,015,783	1,104,707
Land held for resale	-	2,540,659	2,540,659
Total assets	<u>1,579,231</u>	<u>5,508,095</u>	<u>7,087,326</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	8,595	398,698	407,293
Due to other primary government	1,087,034	1,302,986	2,390,020
Due to other government	-	568,658	568,658
Interest payable	-	-	-
	<u>1,095,629</u>	<u>2,270,342</u>	<u>3,365,971</u>
Fund balances:			
Nonspendable	-	2,540,659	2,540,659
Committed	483,602	-	483,602
Unassigned	-	697,094	697,094
Total fund balances	<u>483,602</u>	<u>3,237,753</u>	<u>3,721,355</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,579,231</u>	<u>\$ 5,508,095</u>	<u>\$ 7,087,326</u>
Reconciliation to Government Wide Statement of Net Position:			
Total fund balance, governmental discretely presented component units	483,602	3,237,753	3,721,355
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Some liabilities are not due and payable in the current period and, along with deferred inflows, are not included in the fund financial statement:			
Accrued interest payable	-	(167,281)	(167,281)
Notes payable	-	(27,090,000)	(27,090,000)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 483,602</u>	<u>\$ (24,019,528)</u>	<u>\$ (23,535,926)</u>

See accompanying notes to the basic financial statements.

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Component Units Combining - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2022

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
REVENUES			
Intergovernmental	\$ -	\$ 1,919,881	\$ 1,919,881
Investment income	1,226	523	1,749
Miscellaneous	711,388	1,060,758	1,772,146
Total revenues	<u>712,614</u>	<u>2,981,162</u>	<u>3,693,776</u>
EXPENDITURES			
Current:			
Culture and recreation	1,516,981	-	1,516,981
Economic development	-	1,786,276	1,786,276
Debt Service:			
Principal	-	27,395,446	27,395,446
Interest and fiscal charges	-	1,013,548	1,013,548
Total expenditures	<u>1,516,981</u>	<u>30,195,270</u>	<u>31,712,251</u>
Excess (deficiency) of revenues over expenditures	<u>(804,367)</u>	<u>(27,214,108)</u>	<u>(28,018,475)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	27,090,000	27,090,000
Total other financing sources (uses)	<u>-</u>	<u>27,090,000</u>	<u>27,090,000</u>
Net change in fund balances	(804,367)	(124,108)	(928,475)
Fund balances - beginning	1,287,969	3,361,861	4,649,830
Fund balances - ending	<u>\$ 483,602</u>	<u>\$ 3,237,753</u>	<u>\$ 3,721,355</u>
Reconciliation to Government Wide Statement of Activities:			
Net change in fund balance :	(804,367)	(124,108)	(928,475)
Amounts reported for Governmental Activities in the Statement of Activities are different because:			
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:			
Note payable principal payments	-	27,395,447	27,395,447
Loan proceeds	-	(27,090,000)	(27,090,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:			
Change in accrued interest payable	-	220,266	220,266
Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ (804,367)</u>	<u>\$ 401,605</u>	<u>\$ (402,762)</u>

See accompanying notes to the basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lawton's (the City) accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, 39, 61 and 80 and includes all component units for which the City is financially accountable/fiscally responsible. The City's financial reporting entity's primary government presentation includes the City of Lawton and the certain component units as follows:

The City of Lawton – that operates the public safety, health and welfare, streets, culture and recreation, and administrative activities.

The City of Lawton is an incorporated municipality with a population of approximately 96,800 located in southwestern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected eight-member City Council and Mayor.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council.

Blended Component Units - are separate legal entities that meet the GASB component unit criteria and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component unit's funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

Lawton Water Authority (LWA) – that operates the water, wastewater, and sanitation services of the City. The Authority is presented as a Major Proprietary Fund.

City Transit Trust – public trust that operates and maintains public transportation systems and facilities. The Trust is reported as the Special Revenue Mass Transit Fund.

Lawton Urban Homesteading Agency – created to purchase and maintain property, buildings, facilities, and to upgrade neighborhood areas in accordance with the Urban Homesteading Program of the City. The Agency is reported as the Special Revenue Lawton Urban Homestead Fund.

Lawton Parking Authority (inactive) – created to operate and maintain public parking systems and facilities. The Authority is reported as the Special Revenue Lawton Parking Authority Fund.

Lawton Industrial Development Authority (LIDA) – created to promote industrial development within the Lawton area. The Authority is reported as a major special revenue fund.

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Discretely Presented Component Units (separate legal entities for which the City Council is fiscally responsible, but appoints a separate governing body):

Lawton Metropolitan Area Airport Authority (LMAAA) – that operates to develop and maintain airport operations for the City.

McMahon Auditorium Authority (MAA) – created to operate and maintain the McMahon Auditorium, a public and municipal auditorium of the City.

Museum of the Great Plains Trust Authority – created to collect, preserve, and exhibit items relevant to the cultural history of man in the Great Plains of North America.

Lawton Economic Development Authority (LEDA) – created to promote economic development within the Lawton area.

Lawton Metropolitan Planning Organization (LMPO) – created to coordinate planning and development of transportation activities within the Lawton Metropolitan area.

Lawton Enhancement Trust Authority (LETA) – public trust created to beautify and aesthetically enhance the appearance of the City of Lawton.

Lawton Urban Renewal Authority (LURA) – public trust created to administer approved urban renewal projects within the City of Lawton.

Fires Innovation Science and Technology Accelerator Development Trust Authority (FISTSA) – public trust created to promote high quality business development.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

1.B. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

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Government-Wide Financial Statements:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and culture and recreation. Sales taxes, franchise fees, fines, state and federal grants finance most of these activities;

Business-type activities – Services where the City charges a fee to customers to help it cover all or most of the cost of these services it provides. The City's water, sewer, and sanitation systems activities are reported here; and

Discretely presented component units - These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Lawton Metropolitan Area Airport Authority, Lawton Arts and Humanities Council, McMahon Auditorium Authority, Museum of the Great Plains Trust Authority, Lawton Economic Development Authority, Lawton Enhancement Trust Authority, Lawton Urban Renewal Authority, Lawton Metropolitan Planning Organization and Fires Innovation Science and Technology Accelerator Development Trust Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred, or economic asset used. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current

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period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and all received within 60 days of year-end and so have been recognized as receivables and revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds the major funding source is sales tax. For financial reporting purposes the General Fund includes activity of the General Fund, Hunting and Fishing Account, Reserve Account, Insurance Proceeds Account, Payroll Claims Account, Adult Softball Account, Court Credit Card Maintenance Account, License and Permits Account, Municipal Court Account, Animal License Account, Elmer Thomas Park Account, Stormwater Mitigation Account, RSVP Account, Application Fee Account, Fringe Benefit Account, Special Jail Account, Real Property Account, and Recycling Account.
- 2019 CIP Fund (capital project fund) – accounts for transfers from other funds for the construction of capital assets.
- Federal Grant Fund – accounts for federal grants awarded to the city for various purposes.
- Street and GO Bond Fund – accounts for general obligation bond proceeds and other revenues restricted for the construction and improvements to the street system.

Aggregated Nonmajor Funds (reported as Other Governmental Funds):

Special Revenue Funds: Public Library Fund, Small Business Loan Fund, CDBG Fund, Special Revenue Fund, HOME Investment Fund, Lawton Urban Homesteading Fund, Police Grant Fund, Park Fee Fund, Narcotics Fund, Animal Shelter Fund, Emergency 911 Fund, Cemetery Care Fund, Officers Training Fund, Lawton Parking Authority Fund, State Landfill Fund, Fire Prevention Education, TIF Fund, Grants and Gifts Fund, McMahon Authority Grants Fund, Drainage Maintenance Fund, Animal Donation Fund, LETA Beautification Fund, Cemetery Reward Fund, Lawton Industrial Development Authority, Hotel/Motel Tax Fund, Project Impact Fund, Mass Transit Fund, Water System Impact Fees Fund, Rental Revenue Fund, Cellular Service Fee Fund, and Police and Fire Training Fund.

Debt Service Funds – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments, general obligation bonds, and their related interest expenses. The City's non-major debt service fund is the Prior to 1972 Fund.

Capital Project Funds:

- Capital Improvement Fund – accounts for transfers from other City funds for various capital acquisitions and projects.
- Ad Valorem 2005 Fund- accounts for sales tax restricted for capital projects.
- 2012 Ad Valorem – accounts for loan proceeds for construction.
- Capital Outlay Rolling Stock Fund – accounts for transfers from other funds for the purchase of capital assets
- 2012 CIP Fund (capital project fund) – accounts for various projects funded through debt proceeds.
- 2016 CIP Fund (capital project fund) – accounts for projects related to the fire station construction.
- 2015 CIP Fund – account for various projects related to the public safety facility, ADA compliance improvements, fire station remodeling, and street improvements.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds and operating revenues. Principal operating expenses are the costs of providing goods or service and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

Enterprise Fund

- Lawton Water Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.

Internal Service Funds (combined for reporting purposes)

- Group Health Insurance Fund that accounts for the cost of providing various insurance services to other funds and departments of the City.
- Information Technology Fund that accounts for the cost of providing automation services to other funds and departments of the City.
- Worker's Comp Fund that accounts for the cost of providing worker's compensation coverage for the other funds and departments of the City.

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Fiduciary Funds:

The City's fiduciary funds are used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. These net positions are not available for operations of the City. The City reports one type of fiduciary fund: Pension Trust Fund. The fiduciary fund is reported on the accrual basis of accounting and economic resources measurement focus. The City's fiduciary funds include:

Pension Trust Fund

City Employees Retirement Trust Fund – accounts for assets and changes therein of the City's single-employer defined benefit plan.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments:

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market investments. Trust Fund investments in open-ended money market mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposit, U.S. agency securities, government money market funds, common stock, and judgments in the City Employee Retirement Trust Fund only. Certificates of deposit are reported at amortized cost, while the U.S. Treasury and agency securities and common stock are reported at fair value which is determined by quoted market value.

The Retirement Plan's investments in judgments are valued at fair value, determined by original purchase price less principal collected to date since no quoted market price is available.

Restricted Assets:

Certain proceeds of the Lawton Water Authority's enterprise fund promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The projects fund accounts are used to report those proceeds that are restricted for use in construction. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. The debt service reserve account is used to report resources set aside to make up potential future deficiencies in the debt services account.

Receivables and Payables:

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, and court fines. Business-type activities report utility balances as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants, and other similar intergovernmental revenues since

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they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The City is a party as lessor for various noncancellable long-term leases of buildings. The corresponding lease receivable, are recorded in an amount equal to the present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate.

Inventories:

Inventories are valued at cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. The cost of governmental funds inventories are recorded as expenditures when consumed rather than when purchased.

Land Held for Resale:

Land held for resale consists of redevelopment property in LEDA, a discretely presented component unit of the City, and is carried on a net basis of lower of cost or net realizable value.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized and are charged to expense as incurred.

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings 50 years
- Improvements other than buildings 20-40 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years
- Machinery, furniture, and equipment 3-25 years
- Water rights 100 years

Depreciation of capital assets and amortization of water rights is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

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Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method which approximates effective interest. Bonds payable are reported net of bond premium or discount. Deferred amount on refunding are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long-term obligations consists of general obligation bonds, judgments, revenue bonds and notes, capital lease obligations, accrued compensated absences, contracts payable, landfill closure and post closure, net pension liability, and other post-employment benefits.

Accrued compensated absences liability and pension and OPEB liabilities of the governmental activities is normally liquidated by the General Fund.

Compensated Absences:

Under terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 280 hours plus current year accrual earned to date of separation; a regular part-time employee will be paid for a maximum of 140 hours plus current year accrual earned to date of separation. Regular full-time employees earn vacation leave per pay period in varying amounts from 80 hours per year to 200 hours per year based upon years of service. Regular part-time employees earn vacation leave per pay period in varying amounts from 40 hours per year to 80 hours per year based upon years of service. Employees who separate from employment with the City will be compensated for all accrued but unused sick leave as follows: The employee's accrued number of sick leave hours will be multiplied by 2.5 percent times the total number of years of service for the employee times the hourly rate of pay the employee was receiving immediately prior to the separation of employment. Employees who are terminated from employment shall receive no compensation for accrued sick leave benefits.

Upon termination, police officers shall be paid a maximum of 280 hours plus the current year's accrual of accrued vacation. An officer is allowed to accrue sick leave totaling 576 hours. If terminated, no sick leave shall be paid. Upon resignation, the officer shall be paid two and one-half (2 ½) percent of his/her hourly rate of pay for each full year of employment with the city for all unused sick leave. Upon retirement, an officer shall be paid seventy-five (75%) percent of his/her then hourly rate of pay for all unused sick leave.

Firefighters who separate or are terminated from City services for any reason, shall be paid for up to 280 hours of accrued vacation time for staff division members plus the current year's accrual and 504 hours for shift members plus the current year's accrual. Reimbursement shall be based on the member's hourly wage. Firefighters shall be paid for sick leave upon voluntary resignation or retirement. Upon retirement with the City, firefighters shall be paid for all current sick leave up to 576 hours for staff division and 864 hours for shift division at the rate of 75% of hourly rate at the

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time of retirement. Amounts in excess of the aforementioned amounts shall be paid at the rate of 100% of his hourly rate. At resignation, a firefighter shall be paid from 25% to 75% of their hourly pay for vacation leave up to 576 hours based upon hours accrued. Hours in excess of 576 for staff and 864 for shift division are paid at 100% of current hourly rate of pay.

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 reporting period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government reports the following deferred outflows: A deferred charge on refunding 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows related to certain pension and OPEB items.

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 reporting period(s) and will not be recognized as an inflow of resources (revenues) until that time. The government reports deferred inflows related to certain pension and OPEB items.

Lease-related deferred inflows are recognized at the inception of leases in which the city is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

Net Position is displayed in three components:

- a. *Net investment in capital assets* - 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 improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on the 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.
- c. *Unrestricted Net Position* - All other net position that does not meet the definition of “restricted” or “net investment in capital 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 they are needed.

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Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance, and for the City's Public Trust Authorities reported as governmental funds, the highest level of decision-making authority is by resolution.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action, motion, or resolution, or by management decision when the city council has authorized management (city manager) to make the decision. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

The City's policy for the use of fund balance amounts require that committed amounts would be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.D. Revenues, Expenditures and Expenses

Program Revenues:

Revenues that are derived directly from each activity or from parties outside of the City's taxpayers are reported as program revenues within the Statement of Activities. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – ambulance fees, fire run charges, officer's training charges for services, police sentinel charges for services, restricted operating grants, 911 revenue, and restricted capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – lake fees, pool fees, library fees, hunting and fishing permits, softball fees, and operating grants.
- Transportation – bus fees and operating grants.
- General Government – license and permits, fines and forfeitures, cemetery revenue, impact fees, operating grants and capital grants.

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All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Sales Tax Revenue:

Sales tax revenue represents a 4.125 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Sales tax revenue is recorded as follows:

Beginning April 1, 2020, 4.125 cents is recorded in the General Fund then transferred as follows:

- 2.00 cents stays in the General Fund.
- 2.125 cents is transferred to the Sales Tax Capital Improvement Fund.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes 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, 2022, the City's net assessed valuation of taxable property was \$452,218,054. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$10.33.

Expenditures and Expenses:

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

Allocation of Indirect Expenses:

The City allocates indirect expenses primarily comprised of general administrative services in the enterprise funds. Administrative services include revenue collections services and financial administration. Allocations are charged to programs based on use of these services determined by various allocation methodologies. These charges are reported within the water, sewer, and sanitation functions.

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

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1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates. The city generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known

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Note 2. DETAILED NOTES ON FINANCIAL STATEMENTS

2.A. Cash and Cash Equivalents, Deposits and Investments

Deposits and Investments Risks

The City of Lawton primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2022 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2022

Type	Fair Value	Credit Rating	Fair Value Category	Maturities in Years				
				On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 132,810,328	n/a	n/a	\$ 132,810,328	\$ -	\$ -	\$ -	\$ -
Time deposits	8,805,313	n/a	Level II	-	2,720,857	6,084,456	-	-
Money Market Accounts	8,616,208	n/a	n/a	8,616,208	-	-	-	-
U.S. Treasury Obligations	3,419,526	AA+	Level I	-	3,419,526	-	-	-
U.S. Agencies Obligations	7,811,031	AA+	Level II	-	495,185	7,315,846	-	-
Sub-Total	\$ 161,462,406			\$ 141,426,536	\$ 6,635,568	\$ 13,400,302	\$ -	\$ -
Mutual Funds	42,819,920	n/a	Level I					
Common stock	8,927,375	n/a	Level I					
Purchased judgments	587,427	n/a	Level III					
Total Deposits and Investments	\$ 213,797,128							
Reconciliation to Financial Statements:								
Cash and cash equivalents	\$ 132,353,637							
Cash and cash equivalents, restricted - current	4,006,623							
Cash and cash equivalents, restricted - noncurrent	1,938,926							
Investments	19,521,036							
Investments, restricted	1,247,667							
Retirement fund investments:								
Judgments purchased as investments	587,427							
Mutual funds and other investments	42,819,920							
U.S. government security agencies	845,615							
Common stock	8,927,375							
Retirement fund cash and cash equivalents	1,548,902							
	\$ 213,797,128							

GASB Statement No. 72, *Fair Value Measurement and Application*, categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 102% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions

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pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2022, the City was not exposed to custodial credit risk. The discretely presented component units were not exposed to custodial credit risk.

Investment Credit Risk – The City’s investment policy limits investments, excluding retirement trust fund investments, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidence of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph (a) above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City and retirement plan have no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s and Retirement Plan’s investment policy indicates that the investment portfolio, except for retirement trust fund investments, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. It sets a desired limit on investment maturities to a period of three years, as a means of managing exposure to fair value losses arising from increasing interest rates, for non-retirement investments. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments on prior page, at June 30, 2022, the investments held by the City mature between 2022 through 2030.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City’s total investment portfolio will be invested in a single financial institution. At June 30, 2022, the City has 10.0% of their investments in FNMA, 8.3% in FHLMC, 13.4% in FFCB Bonds, 49.4% in common stock, and 18.9% in US Treasuries obligations.

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Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Fund on the Statement of Net Position are comprised of amounts held by the Lawton Water Authority in accounts of the trustee bank for revenue bond retirement, and other accounts with restricted uses. The restricted assets as of June 30, 2022 are as follows:

Restricted Cash and Cash Equivalents and Investments:

Landfill Financial Trust	\$	158,596
Public Works Debt Service		938,730
Series 2001B Promissory Note Debt Service		103
Series 2011 Sales Tax Utility Revenue Bond Debt Service		106,608
Series 2013 Sales Tax Utility Revenue note - debt service		389,121
Series 2016 Sales Tax Utility Revenue Bond:		
Debt Service		1,313,160
Construction		1,938,926
Meter deposit funds		2,347,972
	<u>\$</u>	<u>7,193,216</u>

Reconciliation to Proprietary Statement of Net Position:

Cash and cash equivalents, current	\$	4,006,623
Cash and cash equivalents, non current		1,938,926
Investments, current		1,247,667
	<u>\$</u>	<u>7,193,216</u>

Restricted cash of the Lawton Economic Development Authority is related to debt service accounts for the outstanding note payable totaling \$1,015,783. Restricted assets of FISTA relate to construction funds from the outstanding note payable \$2,673,470.

2.B. Receivables

Significant account receivable balances at June 30, 2022 were:

	Governmental Activities	Business Type Activities	Total
Accounts Receivable:			
Emergency Communication Fees	\$ 184,871	\$ -	\$ 184,871
Utilities	-	10,293,711	10,293,711
Capital Fee	-	496,660	496,660
Drainage maintenance fee	114,743	-	114,743
Hotel/Motel	231,308	-	231,308
Sewer rehab fees	-	162,078	162,078
Miscellaneous	169,763	-	169,763
Mortgages receivable	370,495	-	370,495
Allowance for uncollectible	(86,739)	(2,416,528)	(2,503,267)
	<u>\$ 984,441</u>	<u>\$ 8,535,921</u>	<u>\$ 9,520,362</u>

Lease Receivables:

The City as a lessor, has entered into lease agreements involving land and buildings. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$67,048.

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2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021	Additions	Deductions	Transfers	Balance at June 30, 2022
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 5,056,879	\$ 240,948	\$ -	\$ -	\$ 5,297,827
Construction in progress	57,945,833	20,036,111	(45,509,661)	(7,937,504)	24,534,779
Total capital assets not being depreciated	63,002,712	20,277,059	(45,509,661)	(7,937,504)	29,832,606
Other capital assets:					
Buildings and improvements	72,503,340	40,218,246	-	-	112,721,586
Infrastructure	119,364,542	5,227,068	-	-	124,591,610
Machinery, furniture and equipment	45,873,991	2,421,202	(1,048,314)	50,718	47,297,597
Intangibles	91,559	-	-	-	91,559
Total other capital assets	237,833,432	47,866,516	(1,048,314)	50,718	284,702,352
Less accumulated depreciation for:					
Buildings and improvements	26,552,037	1,672,677	-	-	28,224,714
Infrastructure	50,304,937	3,833,114	-	-	54,138,051
Machinery, furniture and equipment	36,265,528	2,604,554	(1,023,536)	50,718	37,897,264
Total accumulated depreciation	113,122,502	8,110,345	(1,023,536)	50,718	120,260,029
Other capital assets, net	124,710,930	39,756,171	(24,778)	-	164,442,323
Governmental activities capital assets, net	\$ 187,713,642	\$ 60,033,230	\$ (45,534,439)	\$ (7,937,504)	\$ 194,274,929
	Balance at July 1, 2021	Additions	Deductions	Transfers	Balance at June 30, 2022
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,893,571	\$ -	\$ -	\$ -	\$ 1,893,571
Construction in progress	16,015,968	4,501,685	(968,650)	(6,852,369)	12,696,634
Total capital assets not being depreciated	17,909,539	4,501,685	(968,650)	(6,852,369)	14,590,205
Other capital assets:					
Buildings and utility infrastructure	310,258,181	95,923	-	14,789,874	325,143,978
Machinery, furniture and equipment	29,220,497	2,617,835	(587,810)	(51,173)	31,199,349
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	377,849,828	2,713,758	(587,810)	14,738,701	394,714,477
Less accumulated depreciation for:					
Buildings and utility infrastructure	146,824,196	7,400,957	-	-	154,225,153
Machinery, furniture and equipment	21,477,910	2,159,435	(437,513)	(51,173)	23,148,659
Water rights	10,466,004	386,000	-	-	10,852,004
Total accumulated depreciation	178,768,110	9,946,392	(437,513)	(51,173)	188,225,816
Other capital assets, net	199,081,718	(7,232,634)	(150,297)	14,789,874	206,488,661
Business-type activities capital assets, net	\$ 216,991,257	\$ (2,730,949)	\$ (1,118,947)	\$ 7,937,505	\$ 221,078,866

Included in the business-type activities addition is \$7.9 million of assets being constructed by the city's governmental funds (recognized as expenditures) and transferred by the City to the Lawton Water Authority Fund. These assets relate to water, sewer and landfill projects.

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	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	7,120,900	1,033,128	7,705,200	448,828
Total non-depreciable assets at historical cost	7,128,700	1,033,128	7,705,200	456,628
Depreciable:				
Runways, ramps, and roads	29,692,565	3,230,899	-	32,923,464
Buildings and improvements	15,539,789	4,474,301	-	20,014,090
Equipment and fixtures	3,222,235	159,226	-	3,381,461
Furniture and equipment	151,518	14,634	-	166,152
Total depreciable assets at historical cost	48,606,107	7,879,060	-	56,485,167
Less accumulated depreciation				
Runways, ramps, and roads	21,726,455	1,073,910	-	22,800,365
Buildings and improvements	4,633,265	343,441	-	4,976,706
Equipment and fixtures	2,632,611	119,970	-	2,752,581
Furniture and equipment	110,571	6,065	-	116,636
Total accumulated depreciation	29,102,902	1,543,386	-	30,646,288
Other capital assets, net	19,503,205	6,335,674	-	25,838,879
Net depreciable assets	\$ 26,631,905	\$ 7,368,802	\$ 7,705,200	\$ 26,295,507
Museum of the Great Plains Trust Authority				
Non-depreciable:				
Construction-in-progress	\$ -	176,246	\$ -	\$ 176,246
Depreciable:				
Furniture and equipment	\$ 364,571	\$ -	\$ -	\$ 364,571
Displays	-	-	-	-
Leasehold improvements	5,204,548	5,725	-	5,210,273
Collections and exhibits	1,141,680	3,450	45,537	1,099,593
Copyrights	3,000	-	-	3,000
Total depreciable assets at historical cost	6,713,799	9,175	45,537	6,677,437
Less accumulated depreciation				
Total accumulated depreciation	1,026,044	153,657	-	1,179,701
Net depreciable assets	\$ 5,687,755	\$ (144,482)	45,537	\$ 5,497,736
Net assets	\$ 5,687,755	\$ 31,764	45,537	\$ 5,673,982
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	\$ 244,109	-	-	\$ 244,109
McMahon Auditorium Authority				
Depreciable:				
Furniture and fixtures	\$ 292,316	\$ -	\$ -	\$ 292,316
Buildings improvements	598,657	111,236	-	709,893
Machinery and equipment	81,280	-	-	81,280
Total depreciable assets at historical cost	972,253	111,236	-	1,083,489
Less accumulated depreciation				
Furniture and fixtures	98,325	36,715	-	135,040
Buildings improvements	153,531	38,506	-	192,037
Machinery and equipment	74,457	834	-	75,291
Total accumulated depreciation	326,313	76,055	-	402,368
Net depreciable assets	\$ 645,940	\$ 35,181	\$ -	\$ 681,121
Net assets	\$ 645,940	\$ 35,181	\$ -	\$ 681,121

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Lawton Metro Planning Organization

Machinery and equipment	\$ 17,674		\$ -	\$ 17,674
Less accumulated depreciation	10,324	1,911	-	12,235
Net depreciable assets	<u>\$ 7,350</u>	<u>\$ (1,911)</u>	<u>\$ -</u>	<u>\$ 5,439</u>

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Non-depreciable:

Construction-in-progress	\$ 183,225	\$ 2,236,770	\$ -	\$ 2,419,995
Total non-depreciable assets at historical cost	<u>183,225</u>	<u>2,236,770</u>	<u>-</u>	<u>2,419,995</u>

Depreciable:

Buildings and improvements	79,359	36,000	-	115,359
Equipment and fixtures	13,143	909	-	14,052
Furniture and equipment	<u>6,233</u>	<u>5,873</u>	<u>-</u>	<u>12,106</u>
Total depreciable assets at historical cost	<u>98,735</u>	<u>42,782</u>	<u>\$ -</u>	<u>141,517</u>

Less accumulated depreciation

Buildings and improvements	431	1,984	-	2,415
Equipment and fixtures	619	2,629	-	3,248
Furniture and equipment	<u>74</u>	<u>1,485</u>	<u>-</u>	<u>1,559</u>
Total accumulated depreciation	<u>1,124</u>	<u>6,098</u>	<u>\$ -</u>	<u>7,222</u>

Other capital assets, net

	<u>97,611</u>	<u>36,684</u>	<u>\$ -</u>	<u>134,295</u>
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Net depreciable assets	<u>\$ 280,836</u>	<u>\$ 2,273,454</u>	<u>\$ -</u>	<u>\$ 2,554,290</u>
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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General Government	\$ 1,638,223
Public Safety	1,338,443
Streets	4,393,090
Community Development	24,764
Culture and Recreation	231,434
Transportation	<u>429,505</u>
Sub-total governmental funds depreciation	8,055,459
Allocated Internal Service Fund Depreciation	<u>54,886</u>
Total	<u>\$ 8,110,345</u>

Business-Type Activities:

Water	\$ 5,063,179
Wastewater	2,985,776
Sanitation	<u>1,897,437</u>
Total depreciation	<u>\$ 9,946,392</u>

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2.D. Internal and Interfund Balances and Transfers

Internal Balances:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance	
General Fund	2016 CIP Fund	\$ 637,431	Reimbursement	
General Fund	Health	1,574,989	Reimbursement	
General Fund	Mass Transit	391,354	Negative cash	
General Fund	2015 CIP	1,009,469	Negative cash	
General Fund	Workers comp	634	Negative cash	
TIF Fund	General Fund	125,690	Reimbursement	
General Fund	Information Technology	11,990	Negative cash	
Total		<u>\$ 3,751,557</u>		
Reconciliation to Fund Financial Statements:		Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental Funds		\$ 3,751,557	\$ 2,163,944	\$ 1,587,613
Internal Service Funds		-	1,587,613	\$ (1,587,613)
Total		<u>\$ 3,751,557</u>	<u>\$ 3,751,557</u>	<u>\$ -</u>

There is a receivable from LEDA to LURA for \$568,658 for property acquisition costs which have been paid by LURA.

LEDA entered into an agreement with the City where the City made interest payments on certain long-term debts. LEDA must repay the City with interest at 2.0%. At June 30, 2022, LEDA owed the City \$414,322. In fiscal year 2020, LEDA entered into an agreement with the City where the city would cover the upfront cost on the creation of TIF 3. At June 30, 2022, LEDA owed the City \$888,664.

LMPO signed a Memorandum of Understanding with the city to outline the responsibilities of each party in relation to the contracts that LMPO has entered into with the Oklahoma Department of Transportation. At June 30, 2022, the LMPO owed the city \$211,027.

In fiscal year 2022, the city changed the ordinance related to transferring medical marijuana tax to LETA. The change required that LETA transfer any unspent taxes back to the city. At June 30, 2022, LETA owed the city \$1,087,034.

At June 30, 2022, LURA owes the City \$102,266 for utility services.

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Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the statement of activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2022, were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer	
General Fund	Water Authority	\$ 22,740,656	Excess utility collections	
General Fund	Water Authority	159,383	Operating subsidy	
General Fund	Officer Training Fund	3,334	Transfer of revenues	
General Fund	Animal Donation Fund	34,670	closing of fund	
General Fund	Rental Revenue Fund	56,432	closing of fund	
General Fund	2019 CIP Fund	500,000	Operating subsidy	
General Fund	2019 CIP Fund	2,751,562	Operating subsidy	
General Fund	Animal Shelter Fund	64,170	closing of fund	
Federal Grant Fund	General Fund	5	Operating subsidy	
Federal Grant Fund	Public Library fund	11,845	closing of fund	
Federal Grant Fund	Police Grant Fund	6,278	closing of fund	
Federal Grant Fund	Grants and Gifts Fund	2,609	closing of fund	
Special Revenue Fund	Fire Prevention Education Fund	9,034	closing of fund	
Special Revenue Fund	LETA Beautification Fund	17,611	closing of fund	
Special Revenue Fund	Project Impact Fund	29,177	closing of fund	
Special Revenue Fund	Park Fee Fund	19,085	closing of fund	
Special Revenue Fund	Cemetery Reward Fund	5,500	closing of fund	
Special Revenue Fund	Police and Fire Training Fund	541,136	closing of fund	
Home Investment CDBG	CDBG Fund	4,034	closing of fund	
CDBG Fund	Lawton Urban Homestead Fund	252	closing of fund	
CDBG Fund	Small Business Loan Fund	178,788	closing of fund	
LIDA	2016 CIP Fund	1,688,765	Debt service	
LIDA	2015 CIP Fund	4,020,366	Debt service	
2015 CIP Fund	2019 CIP Fund	1,028,321	Project transfer	
2015 CIP Fund	2019 CIP Fund	6,767,617	Operating subsidy	
2016 CIP Fund	2019 CIP Fund	4,655,215	Project transfer	
2016 CIP Fund	Water Authority	1,856,104	Project transfer	
2019 CIP Fund	General Fund	28,832,855	Sales tax transfer	
Capital Outlay Rolling Stock Fund	Water Authority	3,121,353	Revenue transfer	
Emergency 911	General Fund	1,238,660	Operating subsidy	
Emergency 911	Cellular Service Fee	420,482	Operating subsidy	
TIF Fund	General Fund	760,551	Sales tax transfer	
Water Authority	Capital outlay rolling stock	315,291	Debt service	
Water Authority	2019 CIP Fund	7,119,501	Project transfer	
Water Authority	2016 CIP Fund	2,592,599	Debt service	
Water Authority	State Landfill Fund	26,421	closing of fund	
		<u>\$ 91,579,662</u>		
		Transfers to	Transfers from	Net
Reconciliation to fund financial statements:		<u>Other Funds</u>	<u>Other Funds</u>	<u>Transfers</u>
Governmental Funds		\$ (63,702,166)	\$ 81,525,850	\$ 17,823,684
Enterprise Funds		(27,877,496)	10,053,812	(17,823,684)
Totals		<u>\$ (91,579,662)</u>	<u>\$ 91,579,662</u>	<u>\$ -</u>
Reconciliation to Statement of Activities:				
Net Transfers				\$ 17,823,684
Capital contributions transferred from governmental funds				(8,228,390)
Transfers - Internal Activity				<u>\$ 9,595,294</u>

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2.E. Long-Term Debt

For the year ended June 30, 2022, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Obligation</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 26,885,000	\$ 3,420,000	\$ 3,255,000	\$ 27,050,000	\$ 3,790,000
General Obligation Bond Premium	525,483	96,334	76,811	545,006	-
Revenue Notes (direct placement)	29,445,635	-	6,536,219	22,909,416	6,704,121
Judgments Payable (direct borrowing)	861,243	198,801	472,616	587,428	312,638
Notes Payable (direct borrowing)	3,586,617	-	456,967	3,129,650	358,106
Workers Comp Liability	509,123	-	59,198	449,925	224,962
Accrued Compensated Absences - city	5,968,993	3,071,732	-	9,040,725	1,080,367
Accrued Compensated Absences - internal service	95,637	28,558	-	124,195	14,841
Total Governmental Activities	<u>\$ 67,877,731</u>	<u>\$ 6,815,425</u>	<u>\$ 10,856,811</u>	<u>\$ 63,836,345</u>	<u>\$ 12,485,035</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				9,506,571	\$ -
Net Pension Liability				35,456,096	-
				<u>\$ 108,799,012</u>	<u>\$ 12,485,035</u>
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 12,332,413	\$ 9,061,153	\$ 514,856	\$ 20,878,710	\$ 439,758
Revenue Notes (direct placement)	10,119,364	-	2,508,781	7,610,583	2,590,879
Contracts Payable (direct borrowing)	23,527,176	-	1,641,731	21,885,445	1,688,606
Contract Premium	954,572	-	66,989	887,583	-
Accrued Compensated Absences	997,366	579,945	-	1,577,311	188,488
Deposits subject to refund	3,022,474	500,609	1,175,111	2,347,972	439,919
Workers Comp Liability	382,947	-	44,527	338,420	169,210
Landfill Closure and Post-closure	7,167,224	1,064,167	-	8,231,391	1,205,799
Total Business-Type Activities	<u>\$ 58,503,536</u>	<u>\$ 11,205,874</u>	<u>\$ 5,951,995</u>	<u>\$ 63,757,415</u>	<u>\$ 6,722,659</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				2,927,165	-
Net Pension Liability				9,050,022	-
				<u>\$ 75,734,602</u>	<u>\$ 6,722,659</u>

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

General Obligation Bonds:

\$2,900,000 general obligation bonds dated June 1, 2016, payable in annual installments of \$320,000, with interest rates of 2.00% repaid by property tax levies	\$1,300,000
\$6,300,000 general obligation bonds dated December 1, 2019, payable in annual installments of \$700,000, with an interest rate of 2.0%, repaid by property tax levies	5,600,000
\$3,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$230,000, with interest rates of 4.00% to 4.50%, repaid by property tax levies	240,000
\$3,300,000 general obligation bonds dated May 1, 2013, payable in annual installments of \$365,000, beginning in May 2015, with interest rates of 2.00% to 2.250%, repaid by property tax levies	380,000

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\$11,000,000 general obligation bonds dated August 2018, payable in annual installments of \$1,220,000, beginning October 2020, with an interest rate of 2.00% to 4.00%, repaid by property tax levies	8,560,000
\$4,590,000 general obligation bonds dated December 2020, payable in annual installments of \$510,000, beginning December 1, 2022, with an interest rate of .50% to 2.00%, repaid by property tax levies	4,590,000
\$8,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$420,000, with interest rates of 2.05% to 3.48%, repaid by property tax levies	2,960,000
\$3,420,000 general obligation bonds dated December 31, 2021, payable in annual installments of \$380,000, with interest rates of 1.00% to 2.00%, repaid by property tax levies	<u>3,420,000</u>

Total general obligation bonds	\$27,050,000
Premium on bonds outstanding	<u>545,006</u>
Net general obligation bonds	<u>\$27,595,006</u>

Judgments Payable (direct borrowing):

Court-assessed judgments to be paid with ad valorem taxes	\$ <u>587,428</u>
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Note Payable (direct borrowing):

\$2,000,000 note payable related to section 108 debt to be repaid with CDBG Funds, payable in varying installments with interest at 2.34%. In the event of default the lender may: 1) use available debt service funds or security pledged to make payments, make a prepayment, purchase government obligations, pay any interest due, pay obligations of the borrower, or pay reasonable expenses; 2) withhold the guarantee of any obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed; 3) withhold further advances under the note, stop payment from advanced funds or direct financial institution to transfer remaining balances of loan funds to the repayment account; 4) accelerate the note payments; or 5) exercise other remedies available by law.	\$918,000
\$2,874,352 note payable for IT equipment, matures August 2032 with interest at 2.55%	2,139,028
\$345,885 capital lease for E911 phone system, matures December 2022 with interest at 2.49%	<u>72,622</u>
Total note payable	<u>\$3,129,650</u>

Revenue Notes (direct placements):

\$20,000,000 Utility Authority Utility Sales Tax Revenue Note for various improvements matures July 2024, with interest at 1.98%, debt is split 55.14% for governmental activities and 44.86% business-like activities. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) require that sales tax revenue be deposited directly as received with the bank; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	\$3,504,416
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\$7,640,000 LIDA Sales Tax Revenue Note for information technology improvements matures July 2024, with interest of 1.86%. In the event of default the lender shall: 1) have all rights as allowed by law, the note indenture, and the sales tax agreement; 2) suit for specific performance of all covenants; or 3) acceleration of the payment of principal and interest	4,105,000
\$31,000,000 LIDA Sales Tax Revenue Note for various improvements matures January 2026, with interest at 2.210%. In the event of default the lender shall: 1) have all rights as allowed by law, the note indenture, and the sales tax agreement; 2) suit for specific performance of all covenants; or 3) acceleration of the payment of principal and interest	<u>15,300,000</u>
Total revenue notes	<u>\$22,909,416</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Note Payable (direct borrowings):

Series 2003C for \$1,020,000 and Series 2003A for \$1,819,430 with interest on 2003A ranging from 1.345% to 5.245%. No interest is charged on Series 2003C; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September, 2027. All notes are secured by the revenues of the Authority's water, sanitary, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	\$72,803
Series 2004E for \$1,310,000, no interest is charged on Series 2004E; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September 2028. Note is secured by the revenues of the Authority's water, sewer, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	100,772
Series 2019 for \$12,705,000, interest at 2.02% plus a 0.5% administrative fee. Debt service payments are due March 15 and September 15 through September 2038. Note is secured by the revenues of the Authority's water, sewer, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	12,701,000
Series 2022 OWRB Clean Water for \$47,000,000, interest at 1.24% plus a 0.5% administrative fee. Debt service payments are due March 15 and September 15 through March 2049. Note is secured by the revenues of the Authority's water, sewer, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	7,399,952

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\$1,286,300 Note payable to Welch State Bank for the purchase of a sanitation truck, interest at 2.89%, payments due each August 1, through August 2023. In the event of default the lender may: 1) declare all payments due; 2) disable the equipment or take possession; 3) gain control of the equipment or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement. 604,183

Total Notes Payable \$20,878,710

Revenue Notes Payable (direct placements):

\$5,270,000 revenue bond issue of 2011, with interest at 2.70%, used to refund a portion of the outstanding OWRB loans to be repaid by water, sewer, and refuse revenue. Debt service payments are due October 1 and April 1 through October 1, 2027. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement. \$2,090,000

\$10,920,000 revenue bond issue of 2013, with interest at 2.890%, refund the OWRB Series 2006 DW and 2008 DW series notes to be repaid by sales tax revenue. Debt service payments are due March 1 and September 1 through September 1, 2024. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement. 2,670,000

\$20,000,000 Utility Authority Utility Sales Tax Revenue Note for various improvements matures July 2024, with interest at 1.98%, debt is split 55.14% for Governmental activities and 44.86% business-like activities. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) require that sales tax revenue be deposited directly as received with the bank; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement. 2,850,583

Revenue Notes Payable \$7,610,583

Contract Payable (direct borrowings):

\$20,634,941 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.46% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity a may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. \$503,420

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\$12,356,290 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity a may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 7,359,807

\$5,170,708 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's cost for lake maintenance and silt removal. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity a may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 3,729,428

\$11,896,600 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and it operations to the District. The contract refunded a portion of the 2010 contract. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity and maybe allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 10,292,790

Total Contracts Payable \$21,885,445

Long-term debt service requirements to maturity are as follows:

Governmental-Type Activities								
Year Ending June 30,	G.O. Bonds Payable		Note Payable (direct placements)		Judgments Payable (direct placements)		Revenue Note (Direct placements)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,790,000	\$ 623,556	\$ 358,106	\$ 79,141	\$ 312,638	\$ 35,542	\$ 6,704,121	\$ 449,113
2024	3,550,000	525,495	300,175	69,835	208,522	15,769	6,838,313	309,116
2025	3,550,000	441,340	315,096	61,887	66,268	3,479	5,416,982	166,248
2026	3,570,000	361,412	329,254	53,485	-	-	3,950,000	65,471
2027	3,230,000	280,916	345,654	44,554	-	-	-	-
2028-2032	9,360,000	377,414	1,469,762	92,276	-	-	-	-
2033-2034	-	-	11,603	135	-	-	-	-
Total	<u>\$ 27,050,000</u>	<u>\$ 2,610,133</u>	<u>\$ 3,129,650</u>	<u>\$ 401,313</u>	<u>\$ 587,428</u>	<u>\$ 54,790</u>	<u>\$ 22,909,416</u>	<u>\$ 989,948</u>

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Business-Type Activities

Year Ending June 30,	Notes Payable (direct borrowings)		Revenue Notes Payable (direct placements)		Contract Payable (direct borrowings)	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 439,758	\$ 739,196	\$ 2,590,879	\$ 174,116	\$ 1,688,606	\$ 790,807
2024	342,001	6,347,929	2,651,613	109,800	1,735,847	741,832
2025	2,354,408	605,272	1,443,091	45,496	1,789,077	691,444
2026	2,372,674	561,795	415,000	22,208	1,835,856	635,308
2027	2,392,626	517,386	425,000	10,935	1,900,219	571,116
2028-2032	12,270,020	1,878,876	85,000	1,148	8,664,192	1,852,890
2033-2037	12,834,995	846,926	-	-	4,271,648	431,429
2038-2042	9,644,697	62,508	-	-	-	-
2043-2047	8,103,450	445,224	-	-	-	-
2048-2049	2,724,130	37,413	-	-	-	-
Less amount not drawn	(32,600,049)	-	-	-	-	-
Total	<u>\$ 20,878,710</u>	<u>\$ 12,042,525</u>	<u>\$ 7,610,583</u>	<u>\$ 363,703</u>	<u>\$ 21,885,445</u>	<u>\$ 5,714,826</u>

Component Unit Notes Payable

<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Amount due in one year</u>
Component Units:					
Lawton Metropolitan Area Airport Authority:					
Note payable (direct borrowing)	\$ 644,399	\$ -	\$ 187,394	\$ 457,005	\$ 457,005
Total Debt	<u>\$ 644,399</u>	<u>\$ -</u>	<u>\$ 187,394</u>	<u>\$ 457,005</u>	<u>\$ 457,005</u>
Lawton Economic Development Authority:					
Note payable (direct borrowing)	\$ 27,395,442	\$ 27,162,198	\$ 27,467,640	\$ 27,090,000	\$ 1,370,000
Total Debt	<u>\$ 27,395,442</u>	<u>\$ 27,162,198</u>	<u>\$ 27,467,640</u>	<u>\$ 27,090,000</u>	<u>\$ 1,370,000</u>
FISTA					
Note payable (direct borrowing)	\$ 18,385,000	\$ -	\$ 1,115,000	\$ 17,270,000	\$ 1,145,000
Total Debt	<u>\$ 18,385,000</u>	<u>\$ -</u>	<u>\$ 1,115,000</u>	<u>\$ 17,270,000</u>	<u>\$ 1,145,000</u>

\$27,090,000 LEDA Taxable Sales Tax Refunding Note (direct borrowing) to Bank of Oklahoma. The note is to provide funds to pay off the existing line of credit and the existing tax apportionment. The note is secured with pledged revenues sales tax, and revenues. The note has an interest rate of 2.47% The note shall mature September 1, 2035. Interest payment are due in March and September. In the event of default the note is subject to redemption.

\$27,090,000

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Pledge of Future Revenues

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$2,008,570, \$1,020,000, \$1,819,430, \$1,310,000, \$12,705,000, and \$47,000,000 of the OWRB Series 2001A, 2003C, 2003A, 2004E, 2018, and 2022CW promissory notes payable, respectively. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2021, 2027, 2027, 2028, 2038, and 2049 respectively. The total principal and interest payable for the remainder of the life of these notes is \$65,070,201. The city has not drawn \$32,600,049 of principal on the notes. Net utility revenues received in the current year were \$30,017,513. Debt service payments of \$457,352 for the current fiscal year were 1.50% of pledged net utility revenues.

Landfill Closure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense of the Utilities Authority in each fiscal year. The current period expense amount is based upon the amount of landfill capacity used as of each fiscal year end.

The \$8,231,392 reported as accrued landfill closure cost liability at June 30, 2022, represents the cumulative amount of such costs reported to date based on the use of 86.62% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$1,272,016 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. The City has \$816,758 set aside to fund the estimated landfill closure cost liability. At June 30, 2022, the landfill had a remaining estimated useful life of approximately three years.

2.F. Net Position and Fund Balances

At June 30, 2022, the City's governmental activities had total restricted net position of \$29,202,702, of that amount \$2,058,405 was restricted by enabling legislation.

The City by ordinance has created a stabilization amount within the General Fund for the purpose of responding to qualified emergencies and events in order to minimize or stabilize the financial impact such emergencies have on existing resources previously budgeted for the various functions and departments of the General Fund. The amount may be used to respond to federal and state emergencies, infrastructure repairs determined to be critical to protect the public health; and any legally mandated actions stemming from new federal and state regulations impacting municipal functions and any necessary expenditure associated therewith. At June 30, 2022, the General Fund has committed fund balance for stabilization of \$3,467,607.

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			Major Capital Project Fund		Other		
	General Fund	Federal Grant Fund	2019 CIP Fund	Street and GO Bond Fund	Governmental Funds	Total	
Fund Balance:							
Nonspendable:							
Inventory	\$ 155,514	\$ -	\$ -	\$ -	\$ -	\$ 155,514	
Prepaid expenses	1,732	-	-	-	-	1,732	
	157,246	-	-	-	-	157,246	
Restricted For:							
Animal control	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ 535	
Police operations	-	-	-	-	261	261	
Public safety training	-	-	-	-	697,303	697,303	
Debt service	-	-	-	-	3,559,812	3,559,812	
Capital improvements	-	-	-	17,222,609	6,608,934	23,831,543	
Drainage maintenance fund	-	-	-	-	1,072,751	1,072,751	
Transportation programs	-	-	-	-	341,893	341,893	
Culture and rec programs	-	-	-	-	1,521	1,521	
Economic development	-	-	-	-	12,975,669	12,975,669	
General government programs	-	-	-	-	33,574	33,574	
General government grants	-	3,160,681	-	-	566,535	3,727,216	
Fire education programs	-	-	-	-	9,034	9,034	
Police - drug programs	-	-	-	-	426,979	426,979	
Cemetery improvements	-	-	-	-	217,764	217,764	
Park improvements	-	-	-	-	19,085	19,085	
Sub-total restricted	-	3,160,681	-	17,222,609	26,531,650	46,914,940	
Committed to:							
Beautification	-	-	-	-	942,783	942,783	
Stabilization	3,467,607	-	-	-	-	3,467,607	
Sub-total committed	3,467,607	-	-	-	942,783	4,410,390	
Assigned to:							
General government	286,143	-	-	-	-	286,143	
Stormwater mitigation	284,413	-	-	-	-	284,413	
Supplement next fiscal year budget	29,800	-	-	-	-	29,800	
Capital improvements	-	-	20,638,194	-	9,449,483	30,087,677	
Sub-total assigned	600,356	-	20,638,194	-	9,449,483	30,688,033	
Unassigned (deficit):	29,308,605	-	-	-	(1,646,900)	27,661,705	
TOTAL FUND BALANCE	\$ 33,533,814	\$ 3,160,681	\$ 20,638,194	\$ 17,222,609	\$ 35,277,016	\$ 109,832,314	

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Note 3. OTHER NOTES

3.A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through self-insurance.
- Physical Property – Covered through purchased insurance with a \$35,000 deductible.
- Workers' Compensation – Workers' compensation is covered through self-insurance using a third-party processor to process claims. The City uses the third-party processor's estimates to record group insurance claims payable.
- Employee's Group Medical – Covered through self-insurance using a third-party processor to process medical claims. The City uses the third-party processor's estimates to record group insurance claims payable.

The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</u>
Claim liability, June 30, 2020	1,071,870	1,079,904	2,151,774
Claims and changes in estimates	1,543,682	8,005,290	9,548,972
Claims payments	<u>(1,723,482)</u>	<u>(8,758,087)</u>	<u>(10,481,569)</u>
Claim liability, June 30, 2021	892,070	327,107	1,219,177
Claims and changes in estimates	949,654	6,638,074	7,587,728
Claims payments	<u>(1,053,380)</u>	<u>(6,625,183)</u>	<u>(7,678,563)</u>
Claim liability, June 30, 2022	<u>\$ 788,344</u>	<u>\$ 339,998</u>	<u>\$ 1,128,342</u>

3.B. Retirement Plan Participation

The City of Lawton participates in three pension or retirement plans:

1. Lawton City Employee Retirement System (the "System") – single-employer, defined benefit pension plan
2. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
3. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

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Aggregate Pension Information for all plans was as follows:

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
Police	\$ 11,813,860	\$ -	\$ 11,813,860
Net Pension Liability:			
Employee Retirement System	20,167,902	9,050,022	29,217,924
Firefighters	15,288,194	-	15,288,194
	<u>35,456,096</u>	<u>9,050,022</u>	<u>44,506,118</u>
Deferred Outflows of Resources:			
Employee Retirement System	2,852,582	1,580,668	4,433,250
Police	2,163,428	-	2,163,428
Firefighters	7,613,232	-	7,613,232
	<u>12,629,242</u>	<u>1,580,668</u>	<u>14,209,910</u>
Deferred Inflows of Resources:			
Employee Retirement System	6,493,361	3,338,713	9,832,074
Police	9,204,056	-	9,204,056
Firefighters	18,301,930	-	18,301,930
	<u>33,999,347</u>	<u>3,338,713</u>	<u>37,338,060</u>
Pension Expense (Benefit):			
Employee Retirement System	602,834	270,512	873,346
Police	(1,150,760)	-	(1,150,760)
Firefighters	(1,806,209)	-	(1,806,209)
	<u>\$ (2,354,135)</u>	<u>\$ 270,512</u>	<u>\$ (2,083,623)</u>

Lawton City Employee Retirement System

A. Plan Description

The City contributes to the City of Lawton Employee Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of Lawton. After November 1, 1975, all regular, full-time employees become a participant after completing thirty days of creditable service except for full-time police officers and firefighters. The City performs actuarial valuations in each odd-numbered year to determine if the City's fixed contribution rate is funding the actuarially determined liability. The defined pension plan was closed to new entrants effective June 30, 2017. The System is administered by the Board of Pension Commissioner (the "Board"). The Commissioners are appointed by the City for a five year term. The System issues separate audited annual financial statements which can be obtained by contacting the City of Lawton or referring to the City's website at www.lawtonok.gov.

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B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been prepared using the accrual basis of accounting. Employer contributions to the System are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

The System's investments in U.S. government securities and agencies, money markets, marketable common stocks, and cash equivalents are stated at fair value, which is determined by quoted market prices. The System's investments in judgments are valued at fair value, determined by original purchase price less principal collected to date, less principal collected, since no quoted market price is available. Purchases and sales of securities are recorded on a trade date basis, while interest income is recorded on the accrual basis. As of June 30, 2022, the System held no related party investments or individual investments (other than U.S. government and U.S. government guaranteed securities) whose market value exceeds five percent or more of the net position available for benefits.

C. Eligibility Factors and Benefit Provisions

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority	1970; City Ordinance No. 692
Determination of Contribution requirements	City Ordinance
Employer	10%
Plan members	6.3%
Funding of administrative costs	Investment earnings
Period required to vest	Based on years of service; 100% vested after 10 years
Eligibility for distribution	Age 52 with 10 years credited service, or earlier with 25 years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Employees Covered by Benefit Terms

Active Employees	235
Retirees or Beneficiaries receiving benefits	<u>272</u>
Total	<u>507</u>

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Contribution Requirements

The funding policy is established by Ordinance No. 692. Therefore, contributions are determined by ordinance rather than by actuarial determination. Each year, employees contribute 6.3% of annual pre-tax wages and the City contributes an amount required to provide benefits under the retirement system, subject to a maximum of 10% of annual pre-tax gross wages. For the year ended June 30, 2022, the City recognized \$2,267,225 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$12,438,708. Employee contributions for FY 2022 were \$783,863.

D. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021, which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. The City amended the System plan prohibiting employees hired after June 30, 2017, from participating in the plan and providing for additional contributions to be made by the City to the System plan. The following table reports the components of changes in net pension liability:

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balances at beginning of year	\$ 94,920,139	\$ 56,447,050	\$ 38,473,089
Charges for year:			
Service cost	1,725,913	-	1,725,913
Interest expense	6,407,109	-	6,407,109
Contributions - employer	-	1,829,055	(1,829,055)
Contributions - employee	-	874,114	(874,114)
Net investment income	-	14,318,072	(14,318,072)
Benefits paid	(6,657,051)	(6,657,051)	-
Change in assumptions	-	-	-
Difference between actual and expected experience	(389,128)	-	(389,128)
Plan administrative expenses	-	(22,182)	22,182
Net changes	\$ 1,086,843	\$ 10,342,008	\$ (9,255,165)
Balances at end of year	\$ 96,006,982	\$ 66,789,058	\$ 29,217,924

The City reported \$873,364 in pension expense for the year ended June 30, 2022. At June 30, 2022, 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>
Differences between expected and actual experience	\$ 213,641	\$ 1,044,159
Changes of assumptions	787,417	-
Net difference between projected and actual earnings on pension plan investments	-	8,081,040
Changes in proportion and differences between City contributions and proportionate share of contributions	1,164,967	706,875
City contributions subsequent to the measurement date	2,267,225	-
Total	\$ 4,433,250	\$ 9,832,074

The \$2,267,225 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension

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liability in the year ended June 30, 2023. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$	(1,901,785)
2024		(1,772,043)
2025		(1,860,119)
2026		(2,132,102)
2027		-
	\$	<u>(7,666,049)</u>

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

Measurement date	July 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Projected salary increases	4.25%
Mortality	Pub 2010 Gen mortality projected with MP-2020
Retirement rates	Lawton experience
Turnover	Oklahoma municipal experience
Discount rate	6.75%
Long-term expected rate of return	6.75%

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (2.5%) and deducting expenses. 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, 2021 are summarized in the following table:

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	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	6.00%
International Equity	10%	6.20%
Fixed Income	22%	2.75%
Government Securities	28%	2.25%

G. Discount Rate –

The discount rate used to value total pension liability was the long-term expected rate of return on plan investments, 6.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability	\$ 39,703,313	\$ 29,217,924	\$ 20,373,846

H. Plan Changes

During fiscal year 2017, the City established a defined contribution plan for employees hired after June 30, 2017. With the creation of the defined contribution plan, employees hired after June 30, 2017, are prohibited from participating in the City's defined benefit pension plan. Employees currently enrolled in the defined benefit pension plan will continue to participate and will not be allowed to also participate in the defined contribution plan. The City will continue to fund the defined benefit pension plan and also fund the defined contribution plan. The City will match 3.5% of employee contributions into the defined contribution plan and also contribute 6.5% of employee pay to the defined benefit pension plan.

Oklahoma Firefighter's Pension – Statewide Cost Sharing Plan

Plan description - The City of Lawton, as the employer, participates in the Firefighters Pension & Retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs

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Summary Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- **Hired Prior to November 1, 2013**
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- **Hired After November 1, 2013**
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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 year 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.

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Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent 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 \$1,237,756. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,294,750 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,692,881. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$15,288,194 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 2.32% at June 30, 2021 which was a decrease from its proportion measured at June 30, 2020 of 2.64%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$1,806,209). At June 30, 2022, 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 plan experience	\$ 5,544,682	\$ 268,486
Net difference between projected and actual earnings on pension plan investments	-	12,153,461
Change in assumptions	-	339,091
Employer change in proportion	678,488	5,453,117
Difference between proportionate share and City contributions during measurement period	152,306	87,775
City contributions subsequent to the measurement date	1,237,756	-
Total	<u>\$ 7,613,232</u>	<u>\$ 18,301,930</u>

The \$1,237,756 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2023	\$ (2,860,176)
2024	(2,924,094)
2025	(2,949,779)
2026	(3,192,405)
2027	-
	<u>\$ (11,926,454)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using MP-2018 for healthy lives and no mortality improved for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

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, 2021, 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%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

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.

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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%)
Employers' net pension liability	\$ 23,890,969	\$ 15,288,194	\$ 8,085,911

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.

Oklahoma Police Pension – Statewide Cost Sharing Plan

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

Summary of significant accounting policies - For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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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 contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. For the year ended June 30, 2022, contributions to the pension plan from the City were \$1,507,506. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,437,607 for FY 2022 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$698,612. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset) , Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported an asset of \$11,813,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 2.46% at June 30, 2022, which was an decrease of 3.23% from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$1,150,760). At June 30, 2022, 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
Differences between expected and actual experience	\$ 169,619	\$ 466,291
Changes of assumptions	179,650	-
Net difference between projected and actual earnings on pension plan investments	-	8,617,802
Employer change in proportion	84,891	62,473
Difference between proportionate share and City contributions during measurement period	221,762	57,490
City contributions subsequent to the measurement date	1,507,506	-
Total	<u>\$ 2,163,428</u>	<u>\$ 9,204,056</u>

In the year ending June 30, 2022, \$1,507,506 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a

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reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	(1,942,712)
2024		(1,698,093)
2025		(2,154,010)
2026		(2,813,624)
2027		60,305
	\$	<u>(8,548,134)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost of living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully 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 4 years.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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, 2021, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%
Commodities	0.00%

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 (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) 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:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ (4,430,555)	\$ (11,813,860)	\$ (18,056,995)

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 OPPRS; which can be located at www.ok.gov/OPPRS.

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City of Lawton Defined Contribution Plan Administered by OkMRF (the Plan)

Plan Description – Effective July 2017, the City began providing a defined contribution plan and trust known as the City of Lawton Plan “the Plan” in the form of The Oklahoma Municipal Retirement Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The defined contribution plan is available to all full-time employees hired after June 30, 2017, except those participating in state police or fire programs.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees must make a mandatory minimum pre-tax contribution of 3.5%. By City ordinance, the City, as employer, is required to make contributions to the plan based upon employee contributions at a current rate of 3.50% of covered payroll. The City’s contributions for each employee (and interest allocated to the employee’s account) begin vesting at after 3 years of service with 20% vesting and vesting increases by 20% each year with full vesting at 7 years of service. The authority to establish and amend the provisions of the Plan rests with the City Council. If an employee terminates before becoming fully vested, the employer’s contributions are forfeited and may be used to reduce the City’s current period contribution requirements. Plan forfeitures as of June 30, 2022, totaled \$303,575. Contributions to the Plan for the year ended June 30, 2022, for employees and employer were \$306,129 and \$306,129, respectively, on a covered payroll of \$8,790,215. Employer and employee contributions are held in trust by OkMRF.

Other Postemployment Benefits (OPEB)

Plan Description. The City sponsors medical and prescription drug insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit OPEB plan. A substantive plan is one in which the plan terms are understood by the employer and the plan member. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. The plan does not issue separate financial statements. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the City of Lawton Employee Retirement Plan. Retirees may continue coverage with the City by paying a portion of the carrier premium rate until the retiree reached age 65. Authority to establish and amend benefit provisions rest with the city council. Effective January 1, 2015, coverage for retirees and spouses aged 65 and over was changed from the City medical plan to a fully insured Medicare Supplement. Retirees pay the full cost of the Medicare Supplement. This eliminates the employer subsidy and thus eliminates the OPEB liability for ages 65 and over. Benefits are paid from general operating assets of the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health and prescription drug benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in with the City and are at least 55 years old at the time of termination. Police and fire employees must have 20 years of service.

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Employees Covered by Benefit Terms at June 30, 2022:

Active Employees	765
Inactive not yet receiving benefits	72
Inactive or beneficiaries receiving benefits	<u>18</u>
Total	<u>855</u>

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2021, which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2021, valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16% based on the 20 year municipal bond yield from the Bond Buyer's index
- Pay increases – 3% (pay increases used to allocate the EAN actuarial liability and service cost of the OPEB plan)
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Mortality - PUB2010 Gen or Public Safety projected
- Inflation rate – 3.0%
- Medical Trend Rates – Society of Actuaries Getzen healthcare economics model

Year	Rate
2019	5.90%
2020	5.90%
2025	5.77%
2035	5.80%
2040	5.80%
2045	5.80%
2050	5.53%
2055	5.41%
2060	5.33%
2065	5.27%
2075	4.55%

Changes in the Total OPEB Liability –

	Total OPEB Liability
Balance, Beginning of Year	<u>\$ 13,297,216</u>
Changes for the Year:	
Service cost	1,123,352
Interest expense	318,695
Differences between expected and actual experience	(1,130,078)
Change of assumptions	(761,904)
Benefits paid	<u>(413,545)</u>
Net Changes	<u>(863,480)</u>
Balance, End of Year	<u><u>\$ 12,433,736</u></u>

The total liability of \$12,433,736 is allocated \$9,506,571 to governmental activities and \$2,927,165 to business-type activities based on the number of employees covered by benefit terms.

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The changes in assumptions relate to a change in the discount rate from 2.21% at June 30, 2020 to 2.16% at June 30, 2021 the measurement date. The health age claim curve was adjusted for the change in demographics of the covered participant group. The spouse's acceptance rate was adjusted for retiree experience. Healthcare trend for the next year was changed to reflect the actual change in budgeted medical premiums for the year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the City recognized OPEB expense of \$500,075. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,591,428
Changes of assumptions	1,411,657	2,218,647
Changes in proportion	671,832	671,832
City contributions during measurement date	18,521	18,521
City benefit payments subsequent to the measurement date	363,035	-
Total	<u>\$ 2,465,045</u>	<u>\$ 7,500,428</u>

The \$363,035 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$ (941,970)
2024	(941,970)
2025	(941,970)
2026	(839,639)
2027	(659,720)
Thereafter	<u>(1,073,149)</u>
	<u>\$ (5,398,418)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.161 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's total OPEB liability	\$ 14,140,638	\$ 12,433,736	\$ 10,980,568

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates – The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.80 percent decreasing to 3.55 percent) or 1-percentage-point higher (6.80 percent decreasing to 5.55 percent) than the current healthcare cost trend rates:

	1% Decrease 4.80% decreasing to 3.55%)	Current Healthcare Cost Trend Rates (5.80 % decreasing to 4.55%)	1% Increase (6.80% decreasing to 5.55%)
City's total OPEB liability	\$ 10,709,017	\$ 12,433,736	\$ 14,555,091

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3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2022:

W Gore Boulevard waterline and sewerline	\$	106,962
Streets NW 10th Street and NW 24th Street		794,094
Streets NOW Carroll Drive, SW 26th Street, SW Cornell Ave & NW 36th		256,739
Streets SE 47th Street, SW Bedford Circle, & SW C Avenue		415,699
Streets NW 78th Street and SW Oakcliff Avenue		317,126
Streets rehabilitation of Neal and Ard		30,004
Pavement resurfacing Lee Boulevard		2,708,654
McMahon Auditorium Addition and renovation		249,871

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. 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 Programs

The City of Lawton participates in various federal and state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs is relatively material. 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.

Asset Retirement Obligation

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2022, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

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Issuance of Debt

In February 2017, the voters approved for the city to incur up to \$55,300,000 in General Obligation Bonds to be used for street improvements. The bonds will be issued in increments over the next thirteen years to maintain the current mill levy at or below 10%. At June 30, 2022, the city had \$27,116,000 available to issue.

In June 2022, the City/Authority issued a \$5,000,000 Oklahoma Water Resources Board Drinking Water Promissory Note. The loan carries an interest rate of 2.17%. The loan will be used for water system improvements. No draws had been made at June 30, 2022.

3.D. Budgetary Compliance and Deficit Fund Balance/Net Position

The Lawton Economic Development Authority (LEDA) has entered into an agreement with a private developer to cost share in the redevelopment of Second Street in Lawton, OK. This is known as the TIF 2 District. The majority of expenses incurred by LEDA between 2013 and 2016 represent land development costs and redevelopment construction costs funded by LEDA in accordance with this redevelopment agreement. The assets being constructed are not assets owned by LEDA and are therefore not reported as such in the accompanying financial statements. Since the assets are not owned by LEDA, this activity results in a deficit net position for LEDA. Redevelopment assets constructed in the form of infrastructure assets will be donated to the City of Lawton in the future. A tax apportionment note totaling \$31,600,000 was secured from the Bank of Oklahoma by LEDA to fund these redevelopment activities. The June 30, 2022, unrestricted deficit of \$23,815,470 in LEDA's statement will be reduced as the sales tax, use tax, property tax and hotel/motel tax revenue that is pledged to the TIF 2 District is used to liquidate the apportionment note.

Oklahoma State Statute Title 11, Section 17-211 B (1) prohibits the creation of a deficit fund balance in any fund. At June 30, 2021, the City had a deficit fund balance in the 2015 Capital Improvement Fund of \$1,009,469 and the 2016 CIP Fund of \$637,431.

3.E. Related Party Transaction

Pursuant to a pledge agreement dated April 27, 2007, LURA is to acquire land and other property identified in the downtown revitalization project Phase IA and other downtown Lawton TIF projects. The funds used to acquire this property were obtained from LEDA which sold a capital improvement note not to exceed \$12,000,000 at any one time to BancFirst. As a condition of this note, the lender required an agreement from LURA that upon the sale or lease of any acquired assets the proceeds of such sale or lease shall be used to reduce the principal and accrued interest on the note until such time as the note has been paid in full.

The accounts receivable from LEDA are the results of expenses paid for acquisition of properties described in the previous paragraph for which LURA has not been reimbursed. The amount of these receivables at June 30, 2022, are \$568,658. This amount represents property acquisition costs which have been paid by LURA, which pursuant to the agreement with LEDA are to be reimbursed by LEDA.

3.F. Subsequent Events

On December 1, 2022, the City issued \$900,000 of General Obligation Bonds to provide funds for improving streets and roadways. The bonds mature December 1, 2024, with interest at 4.00%

In November 2022, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$72,900,000 for improvement to the wastewater system. The loan is a fixed rate of 3.29% with maturity March 2054.

In March 2023, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$28,000,000 for improvement to the water system. The loan is a fixed rate of 2.74% with maturity March 2049.

In August 2023, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$44,425,000 for improvement to the water and wastewater systems. The loan is a fixed rate of 5.20% with maturity September 2034.

In October 2023, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$30,000,000 for improvement to the wastewater system. The loan is a fixed rate of 3.30% with maturity March 2055.

In December 2023, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$30,000,000 for improvement to the water system. The loan is a fixed rate of 2.95% with maturity March 2055.

In December 2023, the LWA issued the Utility System Revenue Note, Series 2023, totaling \$2,940,000 for improvements to the water system that provide recreational benefits to the citizens. The note matures June 2023, with an interest rate of \$4.850%.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 5,226,274	\$ 5,226,274	\$ 15,589,029	\$ 10,362,755
Resources (Inflows):				
Taxes and assessments	60,011,078	60,011,078	72,657,144	12,646,066
Fees, licenses and permits	1,418,950	1,418,950	1,496,798	77,848
Rentals and sales of property	49,500	49,500	90,225	40,725
Fines and forfeitures	1,740,000	1,740,000	1,763,534	23,534
Interest earned	44,000	44,000	89,778	45,778
Other sources	525,300	525,300	1,620,226	1,094,926
Intergovernmental	875,000	875,000	904,411	29,411
Grants	-	-	475,855	475,855
Total Resources (Inflows)	64,663,828	64,663,828	79,097,971	14,434,143
Amounts available for appropriation	69,890,102	69,890,102	94,687,000	24,796,898
Charges to Appropriations (Outflows):				
General Government	12,400,741	12,400,741	10,317,283	2,083,458
Public Safety	31,407,277	31,407,277	35,720,949	(4,313,672)
Streets	8,412,095	8,412,095	8,273,212	138,883
Culture and Recreation	7,163,156	7,163,156	7,296,003	(132,847)
Total Charges to Appropriations	59,383,269	59,383,269	61,607,447	(2,224,178)
Other financing sources (uses)				
Transfers from other funds	22,774,356	22,774,356	22,752,283	(22,073)
Transfers to other funds	(28,000,554)	(28,000,554)	(31,364,808)	(3,364,254)
Total other financing sources (uses)	(5,226,198)	(5,226,198)	(8,612,525)	(3,386,327)
Ending Budgetary Fund Balance	\$ 5,280,635	\$ 5,280,635	\$ 24,467,028	\$ 19,186,393

	FEDERAL GRANT			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 9,468,456	\$ 9,468,456
Resources (Inflows):				
Intergovernmental	376,900	376,900	9,549,778	9,172,878
Interest earned	1	1	6	5
Total Resources (Inflows)	376,901	376,901	9,549,784	9,172,883
Amounts available for appropriation	376,901	376,901	19,018,240	18,641,339
Charges to Appropriations (Outflows):				
General Government	30,140	6,001,518	678,889	5,322,629
Public Safety	-	214,998	203,819	11,179
Culture and Recreation	96,275	194,780	187,158	7,622
Total Charges to Appropriations	126,415	6,411,296	1,069,866	5,341,430
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Ending Budgetary Fund Balance	\$ 250,486	\$ (6,034,395)	\$ 17,948,374	\$ 23,982,769

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Notes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution. Presentation is for the General Fund on the City's financial records and does not include all funds or accounts of the General Fund as reflected in the accompanying financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. The City had expenditures exceeding appropriations in the Public Safety function by \$4,313,627, the Culture and Recreation function by \$132,847, and transfers out exceeded appropriations by \$3,364,254.
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the following schedule:

	<u>Fund Balance June 30, 2021</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2022</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 27,440,581	\$ 6,093,233	\$ 33,533,814
Increases (Decreases):			
Revenues:			
Taxes receivable	(6,361,175)	(166,011)	(6,527,186)
Accounts receivable	(359,277)	352,597	(6,680)
Accrued interest	(2,681)	2,603	(78)
Expenditures:			
Accrued payroll	1,917,756	167,840	2,085,596
Encumbrances	(969,221)	(985,831)	(1,955,052)
Other items	799,270	575,507	1,374,777
Accounts of the General Fund:			
Hunting and Fishing	(62,536)	62,536	-
Reserve Account	(2,940,705)	(526,902)	(3,467,607)
Insurance Proceeds Account	(258,981)	258,981	-
Adult Softball Account	(35,686)	35,686	-
Court Credit Card Maint. Account	(2,305,306)	2,305,306	-
License and Permits Account	(75,847)	-	(75,847)
Municipal Court Account	(127,242)	19	(127,223)
Animal License Account	(484,310)	484,310	-
Elmer Thomas Park Account	(7,796)	7,796	-
Stormwater Mitigation	(285,775)	1,362	(284,413)
RSVP Account	(5)	5	-
Application Fee Account	(86,568)	86,568	-
Fringe Benefit Account	(88,983)	5,910	(83,073)
Special Jail Account	(83,618)	83,618	-
Real Property Account	(2,275)	2,275	-
Recycling Account	(30,591)	30,591	-
Fund Balance - Budgetary Basis	<u>\$ 15,589,029</u>	<u>\$ 8,877,999</u>	<u>\$ 24,467,028</u>

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	<u>Fund Balance June 30, 2021</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2022</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 416,689	\$ 2,743,992	\$ 3,160,681
Increases (Decreases):			
Revenues:			
Due from other governments	(49,644)	15,342	(34,302)
Expenditures:			
Accounts payroll	-	4,220	4,220
Unavailable revenue	9,101,411	5,699,703	14,801,114
Other items	-	16,661	16,661
Fund Balance - Budgetary Basis	<u>\$ 9,468,456</u>	<u>\$ 8,479,918</u>	<u>\$ 17,948,374</u>

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Schedules of Required Supplementary Information - Pensions

**Schedule of the City of Lawton's Proportionate Share of the Net Pension Liability (Asset) –
Oklahoma Police Pension & Retirement System
Last Ten Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	3.2939%	3.2684%	3.4845%	3.3181%	3.1418%	3.3845%	3.2279%	2.4627%
City's proportionate share of the net pension liability (asset)	\$(1,109,030)	\$ 133,268	\$5,336,339	\$ 255,232	\$(1,496,584)	\$ (216,068)	\$ 3,707,113	\$ (11,813,860)
Covered payroll	\$ 9,205,946	\$9,261,686	\$9,936,252	\$9,894,779	\$ 9,957,075	\$10,137,911	\$12,357,127	\$ 11,920,113
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.05%	1.44%	53.71%	2.58%	15.03%	2.13%	-30.00%	99.11%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

*The amounts present for each fiscal year were determined as of the beginning of the fiscal year

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

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Schedule of City Contributions
Oklahoma Police Pension & Retirement System
Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 1,203,232	\$ 1,291,715	\$ 1,300,511	\$ 1,294,420	\$ 1,338,440	\$ 1,606,427	\$ 1,549,617	\$ 1,435,849
Contributions in relation to the statutorily required contribution	<u>1,203,232</u>	<u>1,291,715</u>	<u>1,300,511</u>	<u>1,294,420</u>	<u>1,338,440</u>	<u>1,405,415</u>	<u>1,348,127</u>	<u>1,507,506</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,012</u>	<u>\$ 201,490</u>	<u>\$ (71,657)</u>
City's covered payroll	\$ 9,261,686	\$ 9,936,252	\$ 9,894,779	\$ 9,957,075	\$ 10,137,911	\$ 12,357,127	\$ 11,920,133	\$ 11,044,990
Contributions as a percentage of covered payroll	12.99%	13.00%	13.14%	13.00%	13.20%	11.37%	11.31%	13.65%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

Changes in Benefit Terms:

During the 2018 legislative session House Bill 1340 was passed to provide most OPPRS Plan retirees with a one-time, non-permanent benefit payment. This payment equaled 2.00% of a retiree's gross annual retirement benefit, subject to a cap of \$1,400 and floor of \$350 if all eligibility requirements were met.

Changes in Assumptions:

For the fiscal year beginning July 1, 2018, certain changes in assumptions, to the OPPRS Plan, were made based on the Plan's most recent actuarial experience study covering the July 1, 2012 and June 30, 2017 period. In addition to the updates for retirement rates and termination rates to better fit experience, the following significant changes in assumptions were made.

Changes in Assumptions	Previous Assumptions	New Assumptions
<i>Economic Assumption Changes:</i>		
Salary Scale Rates	4.5% to 17.0%	3.5% to 10%
Price Inflation	3.00%	2.75%
Interest Credit on DOP Balances	7.75%	11.00%
Real Wage Growth	N/A	0.75%
COLA Basis (Baker Case Group Only)	3.00%	3.50%
<i>Demographic Assumption Changes:</i>		
Severity of Disability Aware Percentage	50.00%	75.00%
<i>Actuarial Assumption Changes:</i>		
Amortization of UAAL when in Surplus (funded over 100%)	When the UAAL is a surplus, it is amortized over an open 30-year period	
Amortization of UAAL when in Deficit (funded under 100%)	When the UAAL is a deficit, it is amortized over an open five-year period	

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**Schedule of the City of Lawton's Proportionate Share of the Net Pension Liability –
Oklahoma FireFighter's Pension & Retirement System
Last Ten Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	2.929600%	3.069856%	3.065642%	3.108600%	2.842538%	2.978287%	2.640003%	2.321435%
City's proportionate share of the net pension liability	\$ 30,126,632	\$ 32,583,712	\$ 37,453,398	\$ 39,097,714	\$ 31,996,926	\$ 31,470,553	\$ 32,522,909	\$ 15,288,194
City's covered payroll	\$ 7,829,286	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219	\$ 7,474,467	\$ 9,265,201	\$ 9,588,791
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	402%	419%	462%	378%	421%	351%	159%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	69.98%

*The amounts present for each fiscal year were determined as of the beginning of the fiscal year

Notes to Schedule:

* Only seven fiscal years are presented because 10-year data is not yet available.

**Schedule of City Contributions
Oklahoma Fire Fighter's Pension & Retirement System
Last Ten Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>
Statutorially required contribution	\$ 1,135,232	\$ 1,251,646	\$ 1,185,745	\$ 1,183,595	\$ 1,046,425	\$ 1,297,128	\$ 1,342,431	\$ 1,294,686
Contributions in relation to the statutorially required contribution	<u>1,135,232</u>	<u>1,251,646</u>	<u>1,185,745</u>	<u>1,183,595</u>	<u>1,121,790</u>	<u>1,189,445</u>	<u>1,242,570</u>	<u>1,237,756</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,365)</u>	<u>\$ 107,683</u>	<u>\$ 99,861</u>	<u>\$ 56,930</u>
Covered payroll	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219	\$ 7,474,467	\$ 9,265,201	\$ 9,588,791	\$ 9,247,757
Contributions as a percentage of covered payroll	13.99%	14.00%	14.00%	14.00%	15.01%	12.84%	12.96%	13.38%

Notes to Schedule:

* Only eight fiscal years are presented because 10-year data is not yet available.

CITY OF LAWTON, OKLAHOMA
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City Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios								Last Eight Fiscal Years
	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 2,421,404	\$ 2,377,346	\$ 2,355,200	\$ 2,372,993	\$ 2,361,162	\$ 2,343,985	\$ 2,100,205	\$ 1,725,913
Interest	5,130,919	5,344,966	5,404,379	5,597,236	5,855,694	6,002,422	6,284,828	6,407,109
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	620,866	(2,103,217)	23,241	1,113,082	(1,255,352)	(532,723)	(181,551)	(389,128)
Changes of assumptions	-	-	-	-	-	1,736,113	-	-
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)	(5,366,000)	(6,391,905)	(6,657,051)
Net change in total pension liability	<u>3,171,064</u>	<u>880,196</u>	<u>2,857,148</u>	<u>3,829,002</u>	<u>2,173,744</u>	<u>4,183,797</u>	<u>1,811,577</u>	<u>1,086,843</u>
Total pension liability - beginning	<u>76,013,611</u>	<u>79,184,675</u>	<u>80,064,871</u>	<u>82,922,019</u>	<u>86,751,021</u>	<u>88,924,765</u>	<u>93,108,562</u>	<u>94,920,139</u>
Total pension liability - ending (a)	<u>\$ 79,184,675</u>	<u>\$ 80,064,871</u>	<u>\$ 82,922,019</u>	<u>\$ 86,751,021</u>	<u>\$ 88,924,765</u>	<u>\$ 93,108,562</u>	<u>\$ 94,920,139</u>	<u>\$ 96,006,982</u>
Plan fiduciary net position								
Contributions - employer	\$ 2,144,569	\$ 2,021,594	\$ 2,068,439	\$ 2,095,587	\$ 2,077,166	\$ 1,996,777	\$ 1,936,534	\$ 1,829,055
Contributions - member	1,311,923	1,279,749	1,296,400	1,322,450	1,265,354	1,139,576	1,009,330	874,114
Net investment income	5,604,962	853,380	(812,694)	6,115,016	4,703,216	3,213,171	2,949,886	14,318,072
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)	(5,366,001)	(6,391,905)	(6,657,051)
Administrative expense	(26,618)	(19,940)	(31,020)	(29,686)	(26,409)	(40,208)	(42,101)	(22,182)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>4,032,711</u>	<u>(604,116)</u>	<u>(2,404,547)</u>	<u>4,249,058</u>	<u>3,231,567</u>	<u>943,315</u>	<u>(538,256)</u>	<u>10,342,008</u>
Plan fiduciary net position - beginning	<u>47,537,321</u>	<u>51,570,032</u>	<u>50,965,916</u>	<u>48,561,369</u>	<u>52,810,427</u>	<u>56,041,994</u>	<u>56,985,305</u>	<u>56,447,050</u>
Plan fiduciary net position - ending (b)	<u>\$ 51,570,032</u>	<u>\$ 50,965,916</u>	<u>\$ 48,561,369</u>	<u>\$ 52,810,427</u>	<u>\$ 56,041,994</u>	<u>\$ 56,985,309</u>	<u>\$ 56,447,049</u>	<u>\$ 66,789,058</u>
Net pension liability - ending (a) - (b)	<u>\$ 27,614,643</u>	<u>\$ 29,098,955</u>	<u>\$ 34,360,650</u>	<u>\$ 33,940,594</u>	<u>\$ 32,882,774</u>	<u>\$ 36,123,253</u>	<u>\$ 38,473,090</u>	<u>\$ 29,217,924</u>
Plan fiduciary net position as a percentage of the total pension liability	65.13%	63.66%	58.56%	60.88%	63.02%	61.20%	59.47%	69.57%
Covered payroll	\$ 20,593,547	\$ 20,580,295	\$ 20,903,375	\$ 21,452,987	\$ 19,969,869	\$ 18,753,645	\$ 15,656,197	\$ 13,070,842
Net pension liability as a percentage of covered-payroll	134.09%	141.39%	164.38%	158.21%	164.66%	192.62%	245.74%	223.54%

*The amounts present for each fiscal year were determined as of the beginning of the fiscal year

Notes to Schedule:

Only eight fiscal years are presented because 10-year data is not yet available.

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City Retirement Plan, (continued)

Schedule of Employer Contributions

	2022	2021	2020	2019
Actuarially determined contribution	\$ 2,840,682	\$ 3,665,355	\$ 3,665,807	\$ 3,586,534
Contributions in relation to the actuarially determined contribution	2,267,225	2,160,861	1,936,534	1,996,777
Contribution deficiency (excess)	<u>\$ 573,457</u>	<u>\$ 1,504,494</u>	<u>\$ 1,729,273</u>	<u>\$ 1,589,757</u>
Covered employee payroll	\$ 12,090,650	\$ 13,070,842	\$ 15,656,197	\$ 18,753,645
Contributions as a percentage of covered-employee payroll	18.75%	16.53%	12.37%	10.65%
	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,669,120	\$ 3,271,543	\$ 3,179,977	\$ 3,225,198
Contributions in relation to the actuarially determined contribution	2,095,587	2,068,439	2,021,594	2,144,569
Contribution deficiency (excess)	<u>\$ 1,573,533</u>	<u>\$ 1,203,104</u>	<u>\$ 1,158,383</u>	<u>\$ 1,080,629</u>
Covered employee payroll	\$ 20,903,375	\$ 20,580,295	\$ 20,593,547	\$ 21,615,172
Contributions as a percentage of covered-employee payroll	10.03%	10.05%	9.82%	9.92%

Notes to Schedule:

Latest Valuation Date: July 1, 2021

Actuarially determined contribution rate is calculated as of July 1, 2021
July 2020 through June 2021 contributions were at a rate of 10%.

Methods and assumptions used to determine contribution rates:

Actuarial cost method - Entry age normal
Amortization method - Level dollar
Remaining amortization period - 30 years (for plan funding)
Asset valuation method - Market value
Salary increases -4.25% per year (3.0% general increases and 1.25% allowance for promotions)
Investment rate of return - 6.75% per annum
Mortality - RP 2000 with cohort projection for 7/1/2018 and earlier. Pub2010Gen
with full cohort projection based on MP-2020 (40% above median, 60% below media) as of 7/1/2021

Schedule of Investment Returns

	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2022
Annual money-weighted rate of return, net of investment expense	12.36%	1.54%	-1.88%	13.15%	9.20%	5.26%	5.26%	26.25%

Ten year historical data was not available

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Other Postemployment Benefits

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Postemployment Health Insurance Implicit Rate Subsidy Plan

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 966,960	\$ 818,936	\$ 785,299	\$ 972,405	\$ 1,123,352
Interest	448,307	596,936	553,876	522,915	318,695
Differences between expected and actual experience	-	(1,148,166)	(949,085)	(2,998,326)	(1,130,078)
Changes of assumptions	(1,293,119)	(1,904,496)	592,401	1,306,463	(761,904)
Benefit payments	(856,164)	(691,731)	(541,188)	(474,278)	(413,545)
Net (decrease) in total OPEB liability	(734,016)	(2,328,521)	441,303	(670,821)	(863,480)
Balances at Beginning of Year	16,589,271	15,855,255	13,526,734	13,968,037	13,297,216
Balances End of Year	\$ 15,855,255	\$ 13,526,734	\$ 13,968,037	\$ 13,297,216	\$ 12,433,736
Covered employee payroll	\$ 37,800,000	\$ 38,143,000	\$ 39,157,000	\$ 40,262,000	\$ 38,270,000
Total OPEB liability as a percentage of covered-employee payroll	41.95%	35.46%	35.67%	33.03%	32.49%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available
The plan is not held in a trust and no assets are accumulated.

Changes in assumption (measurement date)

Discount rate	Increased from 2.85% 6/30/16 to 3.58% 6/30/17 Increased from 3.58% 6/30/17 to 3.87% 6/30/18 Decreased from 3.87% 6/30/18 to 3.50% 6/30/19 Decreased from 3.50% 6/30/19 to 2.21% 6/30/20 Decreased from 2.21% 6/30/20 to 2.16% 6/30/22
Health care trend	Decreased from 6.12% 6/30/16 to 6.09% 6/30/17 Decreased from 6.09% 6/30/17 to 5.28% 6/30/18 Decreased from 5.09% 6/30/18 to 4.55% 6/30/19 Decreased from 5.80% 6/30/19 to 4.55% 6/30/20
Mortality tables	6/30/17: RP 2000 projected using scale AA 6/30/18: PUB2010 Gen or Public Safety projected

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OTHER SUPPLEMENTARY INFORMATION

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – General Fund Accounts – June 30, 2022

	<u>General Fund</u>	<u>Hunting and Fishing Account</u>	<u>Emergency Account</u>	<u>Insurance Proceeds Account</u>	<u>Payroll Claims Account</u>	<u>Adult Softball Account</u>	<u>Court Credit Card Maint. Account</u>	<u>License and Permits</u>	<u>Municipal Court Trust</u>	<u>Animal License Account</u>
ASSETS										
Cash and cash equivalents	\$ 22,339,457	\$ -	\$ 1,943,813	\$ -	\$ -	\$ -	\$ -	\$ 80,847	\$ 140,266	\$ -
Investments	261,044	-	1,521,496	-	-	-	-	-	40,000	-
Receivables:										
Accounts receivable	12,158	-	-	-	-	-	-	-	-	-
Accrued interest receivable	78	-	2,298	-	-	-	-	-	-	-
Due from other funds	3,625,867	-	-	-	-	-	-	-	-	-
Due from other accounts	108	-	-	-	-	-	-	-	-	-
Due from other governments	6,608,978	-	-	-	-	-	-	-	-	-
Lease receivable	115,206	-	-	-	-	-	-	-	-	-
Inventory	155,514	-	-	-	-	-	-	-	-	-
Prepaid items	1,732	-	-	-	-	-	-	-	-	-
Total assets	<u>33,120,142</u>	<u>-</u>	<u>3,467,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,847</u>	<u>180,266</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	3,382,555	-	-	-	-	-	-	5,000	52,935	-
Due to other funds	125,690	-	-	-	-	-	-	-	-	-
Due to other accounts	-	-	-	-	-	-	-	-	108	-
Total liabilities	<u>3,508,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>53,043</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES										
Leases	<u>116,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Nonspendable	157,246	-	-	-	-	-	-	-	-	-
Committed	-	-	3,467,607	-	-	-	-	-	-	-
Assigned	29,800	-	-	-	-	-	-	75,847	127,223	-
Unassigned	29,308,605	-	-	-	-	-	-	-	-	-
Total fund balances	<u>29,495,651</u>	<u>-</u>	<u>3,467,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,847</u>	<u>127,223</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,120,142</u>	<u>\$ -</u>	<u>\$ 3,467,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,847</u>	<u>\$ 180,266</u>	<u>\$ -</u>

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – General Fund Accounts – June 30, 2022, (Continued)

	Elmer Thomas Park Account	Stormwater Mitigation	RSVP Account	Application Fee	Fringe Benefit	Special Jail Account	Real Property Account	Recycling Account	Total General Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ 240,366	\$ -	\$ -	\$ 83,073	\$ -	\$ -	\$ -	\$ 24,827,822
Investments	-	-	-	-	-	-	-	-	1,822,540
Receivables:									
Accounts receivable	-	(128)	-	-	-	-	-	-	12,030
Accrued interest receivable	-	-	-	-	-	-	-	-	2,376
Due from other funds	-	-	-	-	-	-	-	-	3,625,867
Due from other accounts	-	-	-	-	-	-	-	-	108
Due from other governments	-	60,549	-	-	-	-	-	-	6,669,527
Lease receivable	-	-	-	-	-	-	-	-	115,206
Inventory	-	-	-	-	-	-	-	-	155,514
Prepaid items	-	-	-	-	-	-	-	-	1,732
Total assets	<u>-</u>	<u>300,787</u>	<u>-</u>	<u>-</u>	<u>83,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,232,722</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	-	16,374	-	-	-	-	-	-	3,456,864
Due to other funds	-	-	-	-	-	-	-	-	125,690
Due to other accounts	-	-	-	-	-	-	-	-	108
Total liabilities	<u>-</u>	<u>16,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,582,662</u>
DEFERRED INFLOWS OF RESOURCES									
Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,246</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	157,246
Committed	-	-	-	-	-	-	-	-	3,467,607
Assigned	-	284,413	-	-	83,073	-	-	-	600,356
Unassigned	-	-	-	-	-	-	-	-	29,308,605
Total fund balances	<u>-</u>	<u>284,413</u>	<u>-</u>	<u>-</u>	<u>83,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,533,814</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 300,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,232,722</u>

CITY OF LAWTON, OKLAHOMA
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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2022

	General Fund	Hunting and Fishing Account	Emergency Account	Insurance Proceeds Account	Payroll Claims Account	Adult Softball Account	Court Credit Card Maint. Account	License and Permits	Municipal Court Trust	Animal License Account
REVENUES										
Taxes	\$ 65,957,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,010,427	-	-	-	-	-	-	-	-	-
Charges for services	579,393	-	-	-	-	-	-	-	-	-
Fines and forfeitures	2,055,145	-	-	-	-	-	-	-	-	-
Licenses and permits	1,083,395	-	-	-	-	-	-	-	-	-
Investment income	101,537	-	26,902	-	-	-	-	-	259	-
Miscellaneous	1,238,552	-	-	-	-	-	-	-	-	-
Total revenues	<u>76,026,218</u>	<u>-</u>	<u>26,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>	<u>-</u>
EXPENDITURES										
Current:										
General government	9,621,476	-	-	-	-	-	-	-	-	-
Public safety	37,701,172	-	-	-	-	-	-	-	-	-
Public works and streets	7,939,888	-	-	-	-	-	-	-	-	-
Culture and recreation	6,803,296	-	-	-	-	-	-	-	-	-
Community development	2,263,014	-	-	-	-	-	-	-	-	-
Capital Outlay	876,479	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal retirement	168,017	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	57,668	-	-	-	-	-	-	-	-	-
Total expenditures	<u>65,431,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,595,208</u>	<u>-</u>	<u>26,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	25,810,207	-	500,000	-	-	-	-	-	-	-
Transfers out	(30,832,071)	-	-	-	-	-	-	-	-	-
Transfers in - interaccount	3,357,950	-	-	-	-	-	-	-	-	-
Transfers out - interaccount	-	(62,536)	-	(258,981)	-	(35,686)	(2,305,306)	-	(278)	(484,310)
Total other financing sources and uses	<u>(1,663,914)</u>	<u>(62,536)</u>	<u>500,000</u>	<u>(258,981)</u>	<u>-</u>	<u>(35,686)</u>	<u>(2,305,306)</u>	<u>-</u>	<u>(278)</u>	<u>(484,310)</u>
Net change in fund balances	8,931,294	(62,536)	526,902	(258,981)	-	(35,686)	(2,305,306)	-	(19)	(484,310)
Fund balances - beginning	20,564,357	62,536	2,940,705	258,981	-	35,686	2,305,306	75,847	127,242	484,310
Fund balances - ending	<u>\$ 29,495,651</u>	<u>\$ -</u>	<u>\$ 3,467,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,847</u>	<u>\$ 127,223</u>	<u>\$ -</u>

(Continued)

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2022,
(Continued)

	<u>Elmer Thomas Park Account</u>	<u>Stormwater Mitigation</u>	<u>RSVP Account</u>	<u>Application Fee</u>	<u>Fringe Benefit</u>	<u>Special Jail Account</u>	<u>Real Property Account</u>	<u>Recycling Account</u>	<u>Total General Fund</u>
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,957,769
Intergovernmental	-	60,549	-	-	-	-	-	-	5,070,976
Charges for services	-	-	-	-	-	-	-	-	579,393
Fines and forfeitures	-	-	-	-	-	-	-	-	2,055,145
Licenses and permits	-	-	-	-	-	-	-	-	1,083,395
Investment income	-	-	-	-	-	-	-	-	128,698
Miscellaneous	-	325,496	-	-	193,205	-	-	-	1,757,253
Total revenues	-	386,045	-	-	193,205	-	-	-	76,632,629
EXPENDITURES									
Current:									
General government	-	-	-	-	199,115	-	-	-	9,820,591
Public safety	-	-	-	-	-	-	-	-	37,701,172
Public works and streets	-	387,407	-	-	-	-	-	-	8,327,295
Culture and recreation	-	-	-	-	-	-	-	-	6,803,296
Community development	-	-	-	-	-	-	-	-	2,263,014
Capital Outlay	-	-	-	-	-	-	-	-	876,479
Debt Service:									
Principal	-	-	-	-	-	-	-	-	168,017
Interest and fiscal charges	-	-	-	-	-	-	-	-	57,668
Total expenditures	-	387,407	-	-	199,115	-	-	-	66,017,532
Excess (deficiency) of revenues over expenditures	-	(1,362)	-	-	(5,910)	-	-	-	10,615,097
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	26,310,207
Transfers out	-	-	-	-	-	-	-	-	(30,832,071)
Transfers in - interaccount	-	-	-	-	-	-	-	-	3,357,950
Transfers out - interaccount	(7,796)	-	(5)	(86,568)	-	(83,618)	(2,275)	(30,591)	(3,357,950)
Total other financing sources and uses	(7,796)	-	(5)	(86,568)	-	(83,618)	(2,275)	(30,591)	(4,521,864)
Net change in fund balances	(7,796)	(1,362)	(5)	(86,568)	(5,910)	(83,618)	(2,275)	(30,591)	6,093,233
Fund balances - beginning	7,796	285,775	5	86,568	88,983	83,618	2,275	30,591	27,440,581
Fund balances - ending	\$ -	\$ 284,413	\$ -	\$ -	\$ 83,073	\$ -	\$ -	\$ -	\$ 33,533,814

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021

	SPECIAL REVENUE FUNDS								
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	SPECIAL REVENUE FUND	HOME INVESTMENT CDBG	LAWTON URBAN HOMESTEADING	POLICE GRANT	PARK FEE FUND	NARCOTICS FUND
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 795,710	\$ 654,490	\$ -	\$ -	\$ -	\$ -	\$ 233,171
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts receivable	-	-	370,495	102	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	1,087,034	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	40,900	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,207,105</u>	<u>\$ 1,741,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,171</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 270,075	\$ 191,712	\$ -	\$ -	\$ -	\$ -	\$ 300
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>270,075</u>	<u>191,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Deferred Inflows:									
Unavailable revenue	-	-	370,495	-	-	-	-	-	-
Fund balances:									
Restricted	-	-	566,535	607,131	-	-	-	-	232,871
Committed	-	-	-	942,783	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>566,535</u>	<u>1,549,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,871</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,207,105</u>	<u>\$ 1,741,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,171</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS						
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	FIRE PREVENTION EDUCATION
ASSETS							
Cash and cash equivalents	\$ -	\$ 233,168	\$ 212,264	\$ 107,353	\$ 1,191	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	-	184,871	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 418,039</u>	<u>\$ 212,264</u>	<u>\$ 107,353</u>	<u>\$ 1,191</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 120,710	\$ -	\$ 52,413	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>120,710</u>	<u>-</u>	<u>52,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	-	297,329	212,264	54,940	1,191	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>297,329</u>	<u>212,264</u>	<u>54,940</u>	<u>1,191</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 418,039</u>	<u>\$ 212,264</u>	<u>\$ 107,353</u>	<u>\$ 1,191</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS							
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY
ASSETS								
Cash and cash equivalents	\$ 138,203	\$ -	\$ 1,521	\$ 991,396	\$ -	\$ -	\$ -	\$ 10,409,260
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	-	114,743	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	125,690	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 263,893</u>	<u>\$ -</u>	<u>\$ 1,521</u>	<u>\$ 1,106,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,409,260</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 263,893	\$ -	\$ -	\$ 33,388	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>263,893</u>	<u>-</u>	<u>-</u>	<u>33,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	-	-	1,521	1,072,751	-	-	-	10,409,260
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>1,072,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,409,260</u>
Total liabilities and fund balances	<u>\$ 263,893</u>	<u>\$ -</u>	<u>\$ 1,521</u>	<u>\$ 1,106,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,409,260</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	WATER SYSTEM IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR 1972
ASSETS								
Cash and cash equivalents	\$ 1,848,284	\$ -	\$ -	\$ 590,012	\$ -	\$ 2,014,085	\$ -	\$ 3,559,221
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	231,308	-	66	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	1,002,992	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	794,668	-	-	-	-	591
Total assets	<u>\$ 3,082,584</u>	<u>\$ -</u>	<u>\$ 794,734</u>	<u>\$ 590,012</u>	<u>\$ -</u>	<u>\$ 2,014,085</u>	<u>\$ -</u>	<u>\$ 3,559,812</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 516,175	\$ -	\$ 62,678	\$ -	\$ -	\$ 5,633	\$ -	\$ -
Due to other funds	-	-	391,354	-	-	-	-	-
Total liabilities	<u>516,175</u>	<u>-</u>	<u>454,032</u>	<u>-</u>	<u>-</u>	<u>5,633</u>	<u>-</u>	<u>-</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	2,566,409	-	340,702	590,012	-	2,008,452	-	3,559,812
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>2,566,409</u>	<u>-</u>	<u>340,702</u>	<u>590,012</u>	<u>-</u>	<u>2,008,452</u>	<u>-</u>	<u>3,559,812</u>
Total liabilities and fund balances	<u>\$ 3,082,584</u>	<u>\$ -</u>	<u>\$ 794,734</u>	<u>\$ 590,012</u>	<u>\$ -</u>	<u>\$ 2,014,085</u>	<u>\$ -</u>	<u>\$ 3,559,812</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022, (Continued)

	CAPITAL PROJECT FUNDS							TOTALS
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2015 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	
ASSETS								
Cash and cash equivalents	\$ 521,858	\$ 2,322,788	\$ 5,623,731	\$ -	\$ 166,623	\$ 826,254	\$ -	\$ 31,250,583
Investments	2,491,016	754,347	-	-	-	-	-	3,245,363
Receivables:								
Accounts receivable	-	69,971	-	-	-	-	-	971,556
Accrued interest receivable	4,719	2,080	-	-	-	-	-	6,799
Advance to component unit	-	511,021	-	-	-	-	-	2,601,047
Due from other funds	-	-	-	-	-	-	-	125,690
Due from other governments	-	24,870	209,232	-	-	-	-	1,070,261
Total assets	<u>\$ 3,017,593</u>	<u>\$ 3,685,077</u>	<u>\$ 5,832,963</u>	<u>\$ -</u>	<u>\$ 166,623</u>	<u>\$ 826,254</u>	<u>\$ -</u>	<u>\$ 39,271,299</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 6,499	\$ 62,058	\$ -	\$ -	\$ -	\$ -	\$ 1,585,534
Due to other funds	-	-	-	1,009,469	-	-	637,431	2,038,254
Total liabilities	<u>-</u>	<u>6,499</u>	<u>62,058</u>	<u>1,009,469</u>	<u>-</u>	<u>-</u>	<u>637,431</u>	<u>3,623,788</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	370,495
Fund balances:								
Restricted	3,017,593	-	-	-	166,623	826,254	-	26,531,650
Committed	-	-	-	-	-	-	-	942,783
Assigned	-	3,678,578	5,770,905	-	-	-	-	9,449,483
Unassigned (deficit)	-	-	-	(1,009,469)	-	-	(637,431)	(1,646,900)
Total fund balances	<u>3,017,593</u>	<u>3,678,578</u>	<u>5,770,905</u>	<u>(1,009,469)</u>	<u>166,623</u>	<u>826,254</u>	<u>(637,431)</u>	<u>35,277,016</u>
Total liabilities and fund balances	<u>\$ 3,017,593</u>	<u>\$ 3,685,077</u>	<u>\$ 5,832,963</u>	<u>\$ -</u>	<u>\$ 166,623</u>	<u>\$ 826,254</u>	<u>\$ -</u>	<u>\$ 39,271,299</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS								
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	SPECIAL REVENUE FUND	HOME INVESTMENT CDBG	LAWTON URBAN HOMESTEADING	POLICE GRANT	PARK FEE FUND	NARCOTICS FUND
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,541,533	-	-	-	-	-	39,587
Charges for services	-	-	-	17	-	-	-	-	-
Licenses and permits	-	-	-	620	-	-	-	-	-
Fines and forfeitures	-	-	-	103,886	-	-	-	-	-
Investment income	-	-	307	-	-	-	-	-	-
Miscellaneous	-	-	46,628	1,087,295	-	-	-	-	53,398
Total revenues	-	-	1,588,468	1,191,818	-	-	-	-	92,985
EXPENDITURES									
Current:									
General government	-	-	-	(22,962)	-	-	-	-	-
Public safety	-	-	-	106,017	-	-	-	-	43,946
Public works and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community development	-	-	1,646,920	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	180,392	-	-	-	-	-
Debt Service									
Principal	-	-	105,000	-	-	-	-	-	-
Interest and fiscal charges	-	-	26,786	-	-	-	-	-	-
Total expenditures	-	-	1,778,706	263,447	-	-	-	-	43,946
Excess (deficiency) of revenues over expenditures	-	-	(190,238)	928,371	-	-	-	-	49,039
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	179,040	621,543	4,034	-	-	-	-
Transfers out	(11,845)	(178,788)	(4,034)	-	-	(252)	(6,278)	(19,085)	-
Total other financing sources (uses)	(11,845)	(178,788)	175,006	621,543	4,034	(252)	(6,278)	(19,085)	-
Net change in fund balances	(11,845)	(178,788)	(15,232)	1,549,914	4,034	(252)	(6,278)	(19,085)	49,039
Fund balances - beginning	11,845	178,788	581,767	-	(4,034)	252	6,278	19,085	183,832
Fund balances - ending	\$ -	\$ -	\$ 566,535	\$ 1,549,914	\$ -	\$ -	\$ -	\$ -	\$ 232,871

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS						
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	FIRE PREVENTION EDUCATION
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	200,204	-	-	-	-	-
Charges for services	-	-	38,406	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	753,508	-	-	-	-	-
Total revenues	-	953,712	38,406	-	-	-	-
EXPENDITURES							
Current:							
General government	-	-	2,844	-	-	-	-
Public safety	-	2,244,974	-	-	-	-	-
Public works and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	74,024	-	-	-	-	-
Debt Service							
Principal	-	70,856	-	-	-	-	-
Interest and fiscal charges	-	3,573	-	-	-	-	-
Total expenditures	-	2,393,427	2,844	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	(1,439,715)	35,562	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,659,142	-	-	-	-	-
Transfers out	(64,170)	-	-	(3,334)	-	(26,421)	(9,034)
Total other financing sources and uses	(64,170)	1,659,142	-	(3,334)	-	(26,421)	(9,034)
Net change in fund balances	(64,170)	219,427	35,562	(3,334)	-	(26,421)	(9,034)
Fund balances - beginning	64,170	77,902	176,702	58,274	1,191	26,421	9,034
Fund balances - ending	\$ -	\$ 297,329	\$ 212,264	\$ 54,940	\$ 1,191	\$ -	\$ -

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS							
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	871,248	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	1,003
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	-	-	871,248	-	-	-	1,003
EXPENDITURES								
Current:								
General government	760,551	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works and streets	-	-	-	917,363	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	21,938	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	5,210,000
Interest and fiscal charges	-	-	-	-	-	-	-	496,712
Total expenditures	760,551	-	-	939,301	-	-	-	5,706,712
Excess (deficiency) of revenues over expenditures	(760,551)	-	-	(68,053)	-	-	-	(5,705,709)
OTHER FINANCING SOURCES (USES)								
Transfers in	760,551	-	-	-	-	-	-	5,709,131
Transfers out	-	(2,609)	-	-	(34,670)	(17,611)	(5,500)	-
Total other financing sources and uses	760,551	(2,609)	-	-	(34,670)	(17,611)	(5,500)	5,709,131
Net change in fund balances	-	(2,609)	-	(68,053)	(34,670)	(17,611)	(5,500)	3,422
Fund balances - beginning	-	2,609	1,521	1,140,804	34,670	17,611	5,500	10,405,838
Fund balances - ending	\$ -	\$ -	\$ 1,521	\$ 1,072,751	\$ -	\$ -	\$ -	\$ 10,409,260

\$ - (continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	WATER SYSTEM IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR TO 1972
REVENUES								
Taxes	\$ 2,039,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,848,822
Intergovernmental	-	-	2,640,889	-	-	-	-	-
Charges for services	-	-	239,063	-	-	1,059,074	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	126,722	-	-	-	-	-
Total revenues	2,039,647	-	3,006,674	-	-	1,059,074	-	4,848,822
EXPENDITURES								
Current:								
General government	-	-	-	-	-	270,393	-	-
Public safety	-	-	-	-	-	-	-	-
Public works and streets	-	-	-	135,600	-	-	-	-
Culture and recreation	1,344,053	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	2,862,214	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	3,727,616
Interest and fiscal charges	-	-	-	-	-	-	-	718,878
Total expenditures	1,344,053	-	2,862,214	135,600	-	270,393	-	4,446,494
Excess (deficiency) of revenues over expenditures	695,594	-	144,460	(135,600)	-	788,681	-	402,328
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(29,177)	-	-	(56,432)	(420,482)	(541,136)	-
Total other financing sources and uses	-	(29,177)	-	-	(56,432)	(420,482)	(541,136)	-
Net change in fund balances	695,594	(29,177)	144,460	(135,600)	(56,432)	368,199	(541,136)	402,328
Fund balances - beginning	1,870,815	29,177	196,242	725,612	56,432	1,640,253	541,136	3,157,484
Fund balances - ending	\$ 2,566,409	\$ -	\$ 340,702	\$ 590,012	\$ -	\$ 2,008,452	\$ -	\$ 3,559,812
								(continued)

(continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2022, (Continued)

	CAPITAL PROJECT FUNDS							
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2015 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	TOTALS
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,888,469
Intergovernmental	-	217,810	209,232	-	-	-	-	4,849,255
Charges for services	-	139,574	-	-	-	-	-	1,476,134
Licenses and permits	-	-	-	-	-	-	-	620
Fines and forfeitures	-	-	-	-	-	-	-	975,134
Investment earnings	7,854	(17,455)	-	-	452	2,214	(10,191)	(15,816)
Miscellaneous	-	109,516	-	-	-	-	-	2,177,067
Total revenues	7,854	449,445	209,232	-	452	2,214	(10,191)	16,350,863
EXPENDITURES								
Current:								
General government	-	162,479	-	-	-	2,500	1,103	1,176,908
Public safety	-	-	-	16,910	-	-	-	2,411,847
Public works and streets	-	-	-	-	-	-	-	1,052,963
Culture and recreation	-	-	-	-	-	-	-	1,344,053
Community development	-	-	-	-	-	-	-	1,646,920
Transportation	-	-	-	-	-	-	-	2,862,214
Capital Outlay	-	7,151	914,081	459,801	14,186	-	4,970,239	6,641,812
Debt Service								
Principal	-	-	104,653	-	-	-	1,326,219	10,544,344
Interest and fiscal charges	-	-	-	-	-	-	89,095	1,335,044
Total expenditures	-	169,630	1,018,734	476,711	14,186	2,500	6,386,656	29,016,105
Excess (deficiency) of revenues over expenditures	7,854	279,815	(809,502)	(476,711)	(13,734)	(286)	(6,396,847)	(12,665,242)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	3,121,353	7,795,938	-	-	6,511,319	26,362,051
Transfers out	-	-	(315,291)	(4,020,366)	-	-	(4,281,364)	(10,047,879)
Total other financing sources and uses	-	-	2,806,062	3,775,572	-	-	2,229,955	16,314,172
Net change in fund balances	7,854	279,815	1,996,560	3,298,861	(13,734)	(286)	(4,166,892)	3,648,930
Fund balances - beginning	3,009,739	3,398,763	3,774,345	(4,308,330)	180,357	826,540	3,529,461	31,628,086
Fund balances - ending	\$ 3,017,593	\$ 3,678,578	\$ 5,770,905	\$ (1,009,469)	\$ 166,623	\$ 826,254	\$ (637,431)	\$ 35,277,016

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Combining Schedule of Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts – June 30, 2022

	Enterprise Fund									
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 16,555,274	\$ -	\$ 9,737,784	\$ 114,055	\$ -	\$ 133,817	\$ -	\$ -	\$ -	\$ 26,540,930
Cash and cash equivalents, restricted	-	938,730	1,098,410	1,810,887	-	158,596	-	-	-	4,006,623
Investments	2,056,567	-	572,317	-	-	524,345	-	-	-	3,153,229
Investments, restricted	-	-	1,247,667	-	-	-	-	-	-	1,247,667
Accounts receivable, net	-	-	220,600	8,315,321	-	-	-	-	-	8,535,921
Interest receivable	1,378	-	922	-	-	199	-	-	-	2,499
Due from other governments	-	-	487,230	-	-	-	-	-	-	487,230
Leases receivable	-	-	-	555,365	-	-	-	-	-	555,365
Total current assets	18,613,219	938,730	13,364,930	10,795,628	-	816,957	-	-	-	44,529,464
Non-current assets:										
Cash and cash equivalents, restricted	-	-	-	1,938,926	-	-	-	-	-	1,938,926
Land and construction in progress	-	-	14,590,205	-	-	-	-	-	-	14,590,205
Other capital assets, net	1,488,154	-	177,481,362	27,519,145	-	-	-	-	-	206,488,661
Total non-current assets	1,488,154	-	192,071,567	29,458,071	-	-	-	-	-	223,017,792
Total assets	20,101,373	938,730	205,436,497	40,253,699	-	816,957	-	-	-	267,547,256
DEFERRED OUTFLOW OF RESOURCES										
Deferred amounts related to pension	283,541	-	1,297,127	-	-	-	-	-	-	1,580,668
Deferred amounts related to OPEB	-	-	972,307	-	-	-	-	-	-	972,307
Deferred amount on refunding	-	-	-	1,235,709	-	-	-	-	-	1,235,709
Total deferred outflow of resources	283,541	-	2,269,434	1,235,709	-	-	-	-	-	3,788,684
LIABILITIES										
Current liabilities:										
Accounts payable and accrued liabilities	189,760	-	790,928	-	-	-	-	-	-	980,688
Accrued interest payable	-	-	-	126,476	-	-	-	-	-	126,476
Accrued compensated absences	38,542	-	149,946	-	-	-	-	-	-	188,488
Landfill post closure liability	-	-	1,205,799	-	-	-	-	-	-	1,205,799
Contract payable - Waurika note	-	-	-	1,688,606	-	-	-	-	-	1,688,606
Worker's compensation liability	-	-	169,210	-	-	-	-	-	-	169,210
Deposits subject to refund	-	-	439,919	-	-	-	-	-	-	439,919
Notes payable	-	-	297,775	141,983	-	-	-	-	-	439,758
Revenue bonds payable	-	-	-	2,590,879	-	-	-	-	-	2,590,879
Total current liabilities	228,302	-	3,053,577	4,547,944	-	-	-	-	-	7,829,823
Non-current liabilities:										
Accrued compensated absences	283,987	-	1,104,836	-	-	-	-	-	-	1,388,823
Landfill post closure liability	-	-	7,025,592	-	-	-	-	-	-	7,025,592
Contract payable - Waurika note	-	-	-	21,084,422	-	-	-	-	-	21,084,422
Worker's compensation liability	-	-	169,210	-	-	-	-	-	-	169,210
Deposits subject to refund	-	-	1,908,053	-	-	-	-	-	-	1,908,053
Total OPEB liability	-	-	2,927,165	-	-	-	-	-	-	2,927,165
Notes payable	-	-	306,408	20,132,544	-	-	-	-	-	20,438,952
Revenue bond payable, net	-	-	-	5,019,704	-	-	-	-	-	5,019,704
Net pension liability	1,482,747	-	7,567,275	-	-	-	-	-	-	9,050,022
Total non-current liabilities	1,766,734	-	21,008,539	46,236,670	-	-	-	-	-	69,011,943
Total liabilities	1,995,036	-	24,062,116	50,784,614	-	-	-	-	-	76,841,766
DEFERRED INFLOW OF RESOURCES										
Deferred amounts related to pensions	601,870	-	2,736,843	-	-	-	-	-	-	3,338,713
Deferred amounts related to OPEB	-	-	1,739,082	-	-	-	-	-	-	1,739,082
Deferred amounts related to leases	-	-	-	551,361	-	-	-	-	-	551,361
Total deferred inflow of resources	601,870	-	4,475,925	551,361	-	-	-	-	-	5,629,136
NET POSITION										
Net investment in capital assets	1,488,154	-	191,467,384	(16,224,930)	-	-	-	-	-	176,730,608
Restricted for debt service	-	938,730	-	1,682,516	-	-	-	-	-	2,621,246
Restricted for landfill financial assurance	-	-	-	-	-	158,596	-	-	-	158,596
Unrestricted (deficit)	16,299,854	-	(12,299,494)	4,695,847	-	658,361	-	-	-	9,354,568
Total net position	\$ 17,788,008	\$ 938,730	\$ 179,167,890	\$ (9,846,567)	\$ -	\$ 816,957	\$ -	\$ -	\$ -	\$ 188,865,018

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**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts–
Year ended June 30, 2022**

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
REVENUES										
Charges for services	\$ -	\$ -	\$ 3,926,513	\$ 45,605,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,532,306
Other sources	-	-	-	220,395	-	-	-	-	-	220,395
Operating grants	-	-	487,230	-	-	-	-	-	-	487,230
Total operating revenues	-	-	4,413,743	45,826,188	-	-	-	-	-	50,239,931
OPERATING EXPENSES										
Public works operations	196,556	-	17,765,832	87,362	-	650	-	-	-	18,050,400
Depreciation expense	480,496	-	9,079,896	386,000	-	-	-	-	-	9,946,392
Landfill closure expense	-	-	1,064,167	-	-	-	-	-	-	1,064,167
Total operating expenses	677,052	-	27,909,895	473,362	-	650	-	-	-	29,060,959
Operating income (loss)	(677,052)	-	(23,496,152)	45,352,826	-	(650)	-	-	-	21,178,972
NON-OPERATING REVENUES (EXPENSES)										
Investment income	67,946	-	60,274	3,974	-	27,361	-	-	-	159,555
Interest expense and fiscal charges	-	-	(872,784)	(527,856)	-	-	-	-	-	(1,400,640)
Gain (loss) on asset retirement	-	-	(150,298)	-	-	-	-	-	-	(150,298)
Other non-operating revenue	(15)	-	(20)	17,072	-	-	-	-	-	17,037
Total non-operating revenue (expenses)	67,931	-	(962,828)	(506,810)	-	27,361	-	-	-	(1,374,346)
Income (loss) before contributions and transfers	(609,121)	-	(24,458,980)	44,846,016	-	26,711	-	-	-	19,804,626
Capital Contributions	-	-	16,725	-	-	-	-	-	-	16,725
Capital Contributions from governmental activities	-	-	8,228,390	-	-	-	-	-	-	8,228,390
Interaccount transfers in	9,146,395	990,038	45,128,197	3,504,054	180,662	-	-	-	-	58,949,346
Interaccount transfers out	(4,522,981)	(1,862,323)	(1,822,393)	(49,499,593)	-	-	(27,840)	(195,698)	(1,018,518)	(58,949,346)
Transfers in	7,119,501	-	341,712	2,592,599	-	-	-	-	-	10,053,812
Transfers out	-	-	(22,900,039)	(4,977,457)	-	-	-	-	-	(27,877,496)
Change in net position	11,133,794	(872,285)	4,533,612	(3,534,381)	180,662	26,711	(27,840)	(195,698)	(1,018,518)	10,226,057
Total net position - beginning	6,654,214	1,811,015	174,634,278	(6,312,186)	(180,662)	790,246	27,840	195,698	1,018,518	178,638,961
Total net position - ending	\$ 17,788,008	\$ 938,730	\$ 179,167,890	\$ (9,846,567)	\$ -	\$ 816,957	\$ -	\$ -	\$ -	\$ 188,865,018

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Combining Cash Flow Statement – Lawton Water Authority (LWA) Enterprise Fund Accounts – Year ended June 30, 2022

	Enterprise Fund									
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 425,434	\$ -	\$ 3,705,593	\$ 44,267,684	\$ -	\$ -	\$ 1,008	\$ -	\$ 118,844	\$ 48,518,863
Payments to suppliers	-	-	(9,346,095)	(87,362)	-	(650)	-	-	-	(9,634,107)
Payments to employees	(132,110)	-	(8,290,100)	-	-	-	-	-	-	(8,422,210)
Receipts of customer meter deposits	-	-	3,523,083	-	-	-	-	(3,022,474)	-	500,609
Refunds of customer meter deposits	-	-	(1,175,111)	-	-	-	-	-	-	(1,175,111)
Net cash provided by (used in) operating activities	293,324	-	(11,782,330)	44,180,322	-	(650)	1,008	(3,022,474)	118,844	29,788,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from other funds	7,119,501	-	341,712	2,592,599	-	-	-	-	-	10,053,812
Transfers to other funds	-	-	(22,900,039)	(4,977,457)	-	-	-	-	-	(27,877,496)
Interaccount transfer in	9,146,395	990,038	40,605,216	3,504,054	152,614	-	-	-	-	54,398,317
Interaccount transfer out	-	(1,862,323)	(1,794,345)	(49,499,593)	-	-	(27,840)	(195,698)	(1,018,518)	(54,398,317)
Principal paid on debt	-	-	-	(237,677)	-	-	-	-	-	(237,677)
Interest and fiscal agent fees paid on debt	-	-	-	(132,499)	-	-	-	-	-	(132,499)
Net cash provided by (used in) noncapital financing activities	16,265,896	(872,285)	16,252,544	(48,798,573)	152,614	-	(27,840)	(195,698)	(1,018,518)	(18,193,860)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital assets purchased	(4,755,710)	-	(1,706,414)	-	-	-	-	-	-	(6,462,124)
Capital assets purchased for governmental activities	-	-	-	-	-	-	-	-	-	-
Principal paid on debt	-	-	(300,065)	(4,127,626)	-	-	-	-	-	(4,427,691)
Proceeds from debt	-	-	(872,784)	9,061,153	-	-	-	-	-	9,061,153
Interest and fiscal agent fees paid on debt	-	-	-	(418,605)	-	-	-	-	-	(1,291,389)
Net cash provided by (used in) capital and related financing activities	(4,755,710)	-	(2,879,263)	4,514,922	-	-	-	-	-	(3,120,051)
CASH FLOWS FROM INVESTING ACTIVITIES										
Sale (Purchase) of investments	(811,567)	-	(1,819,984)	-	-	(25,735)	-	2,746,116	-	88,830
Interest and dividends	66,568	-	59,352	3,974	-	27,361	-	22,788	-	180,043
Net cash provided by (used in) investing activities	(744,999)	-	(1,760,632)	3,974	-	1,626	-	2,768,904	-	268,873
Net increase (decrease) in cash and cash equivalents	11,058,511	(872,285)	(169,681)	(51,355)	152,614	976	(26,832)	(449,268)	(899,674)	8,743,006
Balances - beginning of year	5,496,763	1,811,015	11,005,875	3,915,223	(152,614)	291,437	26,832	449,268	899,674	23,743,473
Balances - end of year	\$ 16,555,274	\$ 938,730	\$ 10,836,194	\$ 3,863,868	\$ -	\$ 292,413	\$ -	\$ -	\$ -	\$ 32,486,479
Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$ 16,555,274	\$ -	\$ 9,737,784	\$ 114,055	\$ -	\$ 133,817	\$ -	\$ -	\$ -	\$ 26,540,930
Restricted cash and cash equivalents - current	-	938,730	1,998,410	1,810,887	-	158,596	-	-	-	4,006,623
Restricted cash and cash equivalents - noncurrent	-	-	-	1,938,926	-	-	-	-	-	1,938,926
Total cash and cash equivalents, end of year	\$ 16,555,274	\$ 938,730	\$ 10,836,194	\$ 3,863,868	\$ -	\$ 292,413	\$ -	\$ -	\$ -	\$ 32,486,479
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$ (677,052)	\$ -	\$ (23,496,152)	\$ 45,352,826	\$ -	\$ (650)	\$ -	\$ -	\$ -	\$ 21,178,972
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	480,496	-	9,079,896	386,000	-	-	-	-	-	9,946,392
Other nonoperating revenue	(15)	-	(20)	17,072	-	-	-	-	-	17,037
Change in assets and liabilities:										
Receivables, net	-	-	(220,600)	(1,571,572)	-	-	1,008	-	118,844	(1,672,320)
Due from other governments	425,449	-	(487,230)	-	-	-	-	-	-	(61,781)
Lease receivable	-	-	-	(555,365)	-	-	-	-	-	(555,365)
Deferred outflows related to pension	13,590	-	(386,457)	-	-	-	-	-	-	(372,867)
Deferred outflows related to OPEB	-	-	(158,729)	-	-	-	-	-	-	(158,729)
Accounts payable	17,287	-	(780,118)	-	-	-	-	-	-	(762,831)
Deposits subject to refund	-	-	2,347,972	-	-	-	-	(3,022,474)	-	(674,502)
Due to employees	16,556	-	17,254	-	-	-	-	-	-	33,810
Claims liability	-	-	(44,527)	-	-	-	-	-	-	(44,527)
Landfill closure liability	-	-	1,064,167	-	-	-	-	-	-	1,064,167
Total OPEB liability	-	-	(5,626)	-	-	-	-	-	-	(5,626)
Net pension liability	(435,880)	-	(1,396,901)	-	-	-	-	-	-	(1,832,781)
Accrued compensated absences	117,161	-	462,784	-	-	-	-	-	-	579,945
Deferred inflows related to leases	-	-	-	551,361	-	-	-	-	-	551,361
Deferred inflows related to OPEB	-	-	244,611	-	-	-	-	-	-	244,611
Deferred inflows related to pension	335,732	-	1,977,346	-	-	-	-	-	-	2,313,078
Net cash provided by (used in) operating activities	\$ 293,324	\$ -	\$ (11,782,330)	\$ 44,180,322	\$ -	\$ (650)	\$ 1,008	\$ (3,022,474)	\$ 118,844	\$ 29,788,044
Noncash activities:										
Book value of disposed assets	\$ -	\$ -	\$ (150,298)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (150,298)
Asset contributed by others	-	-	8,245,115	-	-	-	-	-	-	8,245,115
	\$ -	\$ -	\$ 8,094,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,094,817

CITY OF LAWTON, OKLAHOMA
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Combining Statement of Net Position – Internal Service Funds – June 30, 2022

	Internal Service Funds			
	Group Health Insurance	Worker's Comp	Information Technology Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 259,212	\$ (32)	\$ -	\$ 259,180
Accounts receivable, net	855	-	-	855
Total current assets	260,067	(32)	-	260,035
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	8,342,869	8,342,869
Other capital assets, net	-	-	431,369	431,369
Total non-current assets	-	-	8,774,238	8,774,238
Total assets	260,067	(32)	8,774,238	9,034,273
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	165	4,431	90,323	94,919
Due to other funds	1,574,989	634	11,990	1,587,613
Accrued compensated absences	-	-	14,841	14,841
Total current liabilities	1,575,154	5,065	117,154	1,697,373
Non-current liabilities:				
Accrued compensated absences	-	-	109,354	109,354
Claims liability	339,998	-	-	339,998
Total non-current liabilities	339,998	-	109,354	449,352
Total liabilities	1,915,152	5,065	226,508	2,146,725
NET POSITION				
Net investment in capital assets	-	-	8,774,238	8,774,238
Unrestricted (deficit)	(1,655,085)	(5,097)	(226,508)	(1,886,690)
Total net position	\$ (1,655,085)	\$ (5,097)	\$ 8,547,730	\$ 6,887,548

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Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2022

	Internal Service Funds			
	Group Health Insurance	Worker's Comp	Information Technology Fund	Total
REVENUES				
Charges for services	\$ 6,364,192	\$ -	\$ 1,782,696	\$ 8,146,888
Total operating revenues	6,364,192	-	1,782,696	8,146,888
OPERATING EXPENSES				
General government and claims	6,135,117	(5,967)	-	6,129,150
Computer service operations	-	-	1,544,549	1,544,549
Depreciation expense	-	-	54,886	54,886
Total operating expenses	6,135,117	(5,967)	1,599,435	7,728,585
Operating income (loss)	229,075	5,967	183,261	418,303
NON-OPERATING REVENUES (EXPENSES)				
Investment income	393	24	-	417
Other non-operating revenue	244,774	-	86	244,860
Gain (loss) on asset retirement	-	-	(519)	(519)
Capital assets purchased for governmental activities	-	-	(11,568)	(11,568)
Total non-operating revenues	245,167	24	(12,001)	233,190
Income (loss) before contributions and transfers	474,242	5,991	171,260	651,493
Capital Contributions from governmental activities	-	-	3,418,817	3,418,817
Change in net position	474,242	5,991	3,590,077	4,070,310
Total net position - beginning	(2,129,327)	(11,088)	4,957,653	2,817,238
Total net position - ending	\$ (1,655,085)	\$ (5,097)	\$ 8,547,730	\$ 6,887,548

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2022

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 6,608,111	\$ -	\$ 1,782,782	\$ 8,390,893
Payments to suppliers	(507,129)	-	(454,877)	(962,006)
Payments to employees	-	-	(1,092,211)	(1,092,211)
Payments from other funds	13,763	(10,454)	(201,062)	(197,753)
Claims and benefits paid	(6,118,055)	10,398	-	(6,107,657)
Net Cash Provided by (used in) Operating Activities	(3,310)	(56)	34,632	31,266
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(23,199)	(23,199)
Capital assets purchased for other funds	-	-	(11,433)	(11,433)
Net cash provided by (used in) capital and related financing activities	-	-	(34,632)	(34,632)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	393	24	-	417
Net Cash Provided by Investing Activities	393	24	-	417
Net Increase (Decrease) in Cash and Cash Equivalents	(2,917)	(32)	-	(2,949)
Balances - beginning of the year	262,129	-	-	262,129
Balances - end of the year	<u>\$ 259,212</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ 259,180</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 259,212	\$ (32)	\$ -	\$ 259,180
Total cash and cash equivalents	<u>\$ 259,212</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ 259,180</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 229,075	\$ 5,967	\$ 183,261	\$ 418,303
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	54,886	54,886
Other miscellaneous revenue	244,774	-	86	244,860
Change in assets and liabilities:				
Receivables, net	(855)	-	-	(855)
Due from other funds	13,763	-	-	13,763
Accounts payable	(502,958)	4,431	(31,097)	(529,624)
Due to other funds	-	(10,454)	(201,062)	(211,516)
Accrued compensated absences	-	-	28,558	28,558
Claims liability	12,891	-	-	12,891
Net Cash Provided by (used in) Operating Activities	<u>\$ (3,310)</u>	<u>\$ (56)</u>	<u>\$ 34,632</u>	<u>\$ 31,266</u>
Noncash activities:				
Assets transferred to other funds	\$ -	\$ -	\$ (654)	\$ (654)
Assets contributed by others	-	-	3,418,817	3,418,817
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,418,163</u>	<u>\$ 3,418,163</u>



City of Lawton

Single Audit Reports

Year Ended June 30, 2022



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City of Lawton
Schedule of Expenditures of Federal
Awards Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Commerce</u>					
Economic Adjustment Assistance	11.307		08-79-05456	\$ -	\$ 688,842
Total U.S. Department of Commerce				-	688,842
<u>U.S. Department of Housing and Urban Development</u>					
<i>CDBG - Entitlement Grants Cluster</i>					
Community Development Block Grant/Entitlement Grants	14.218		B-17-MC-40-0001	-	21,380
	14.218		B-18-MC-40-0001	-	22,612
	14.218		B-19-MC-40-0001	-	161,495
	14.218		B-20-MC-40-0001	-	342,203
	14.218		B-21-MC-40-0001	-	124,561
COVID-19 Community Development Block Grant/Entitlement Grants	14.218		B-20-MW-40-0001 CARES	-	358,201
Total CDBG - Entitlement Grants Cluster				-	1,030,452
Home Investment Partnerships Program	14.239		M-15-MC-40-0201	-	14,537
	14.239		M-16-MC-40-0201	-	77,190
	14.239		M-17-MC-40-0201	-	99,698
	14.239		M-18-MC-40-0201	-	296,308
	14.239		M-19-MC-40-0201	-	32,144
	14.239		M-20-MC-40-0201	-	200
				-	520,077
Total U.S. Department of Housing and Urban Development				-	1,550,529
<u>U.S. Department of Justice</u>					
Edward Brynes Memorial Grant	16.738		2020-DJ-BX-0465	-	59,237
Edward Brynes Memorial Grant	16.738		15PBJA-21-GG-01747-JAGX	-	62,249
Total U.S. Department of Justice				-	121,486
<u>U.S. Department of the Treasury</u>					
State of Oklahoma/COVID-19 Coronavirus Relief Fund	21.027		CSLFRF - CARES	-	3,401,708
Total Department of the Treasury				-	3,401,708
<u>U.S. Federal Highway Administration</u>					
<i>Highway Safety Cluster</i>					
Oklahoma Highway Safety Department/	20.600		AL-21-03-02-18	-	15,389
State and Community Highway Safety	20.600		AL-22-03-01-19	-	37,128
	20.600		SE-22-03-01-19	-	24,817
Total Highway Safety Cluster				-	77,334
Total U.S. Federal Highway Administration				-	77,334

City of Lawton
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Transportation</u>					
<i>Federal Transit Cluster</i>					
Federal Transit - Formula Grants	20.507		OK-2019-026-00	\$ -	\$ 140,179
COVID-19/Federal Transit - Formula Grants	20.507		OK-2020-018-00	-	2,308,027
Federal Transit - Formula Grants	20.507		OK-2023-033-00	-	236,118
<i>Total Federal Transit Cluster</i>				-	2,684,324
Total U.S. Department of Transportation				-	2,684,324
<u>National Endowment for the Humanities (NEH)</u>					
<i>Oklahoma Department of Libraries</i>					
COVID-19 - Grants to States	45.310	F-22-088		-	45,580
Grants to States	45.310	F-22-251		-	2,286
Grants to States	45.310	F-22-016		-	9,000
Total National Endowment for the Humanities (NEH)				-	56,866
<u>Environmental Protection Agency</u>					
<i>Clean Water State Revolving Fund Cluster</i>					
State of Oklahoma Water Resource	66.458	ORF-22-008-CW		-	1,496,133
Board/Capitalization Grants for Clean Water					
State Revolving Funds					
<i>Total Clean Water State Revolving Fund Cluster</i>				-	1,496,133
Total Environmental Protection Agency				-	1,496,133
<u>Corporation for National and Community Service</u>					
Retired and Senior Volunteer Program	94.002		19SRWOK002	-	50,000
Total Corporation for National and Community Service				-	50,000
<u>U. S. Department of Homeland Security</u>					
Oklahoma Office of Homeland Security/	97.073	1140.015		-	16,712
State Homeland Security Program (SHSP)	97.073	1140.015		-	38,048
	97.073	1240.015		-	800
				-	55,560
Total U.S. Department of Homeland Security				-	55,560
<u>Federal Emergency Management</u>					
Disaster Grants - Public Assistance					
(Presidentially Declared Disasters)	97.036		PA-06-OK-4574-PW-00069(1)	-	417,626
	97.036		PA-06-OK-4574-PW-00072(0)	-	51,899
Total U.S. Department of Health and Human Services				-	469,525
Total Expenditures of Federal Awards				\$ -	\$ 10,652,307

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Lawton, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The Schedule does not include the Lawton Metropolitan Area Airport Authority federal awards program.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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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*

Independent Auditor's Report

The Honorable Mayor and Members
of the City Council of the
City of Lawton, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawton, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 10, 2024. Our report includes a reference to other auditors who audited the financial statements of the Lawton Urban Renewal Authority, the Lawton Metropolitan Area Airport Authority, the McMahon Auditorium Authority, the Museum of the Great Plains Trust Authority, the Lawton Metropolitan Planning Organization, the Fires Innovation Science and Technology Accelerator and the City Employees Retirement Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

The City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Rogers, Arkansas
April 10, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lawton, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lawton, Oklahoma complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Lawton Metropolitan Area Airport Authority (the Airport), which expended \$1,271,753 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program" section above, does not include the operations of the Airport because an audit in accordance with the Uniform Guidance was issued separately by the Airport.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a

reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawton, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated April 10, 2024, which contained unmodified opinions on those financial statements and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Rogers, Arkansas
June 4, 2024, except for the paragraph on the
Schedule of Expenditures of Federal Awards,
which is April 10, 2024**

City of Lawton
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported
- Material weakness(es) identified? ☐ Yes ☒ No
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Material weakness(es) identified? ☐ Yes ☒ No
5. Type of auditor's report issued on compliance for major federal programs:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

City of Lawton
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.507	COVID-19 Federal Transit Cluster
21.027	COVID-19 Coronavirus Relief Fund
66.458	Capitalization Grants for Clean Water State Revolving Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
2022-001	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The City does not have formal accounting policies and procedures over the City’s accounting and internal control processes, and current processes and procedures may not effectively limit duties to minimize risks associated with adequate segregation of duties. The City’s system allows the payroll administrator to be the primary party reviewing and editing payroll data; allows the revenue services and financial services departments to add customers, write-off charges and potentially hide transactions during the reconciliation process; and could potentially allow improper edits to vendor files to go undetected if the monthly vendor report is not run timely. Finally, we noted a general lack of documentation regarding the identity of employees completing cash reconciliations, the completion date and lack of documentation of the formal review of these reconciliations.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatements in the financial statements resulting from errors that occurred and were not detected and/or corrected in a timely manner creating the need to record audit adjustments to correct the errors.</p> <p>Cause – Certain deficiencies in the overall financial statement preparation and review process allowed for undetected errors to occur. The current accounting system does not provide for effective review of certain transactions.</p> <p>Recommendation – We recommend the financial services department evaluate the need to implement additional accounting policies and internal control procedures to strengthen the department’s ability to accurately prepare timely GAAP basis financial statements for the City and related component units. As part of this process, the City should also evaluate the segregation of duties of financial services department personnel in order to minimize the potential risk associated with inadequate segregation of duties, management should evaluate its current system and identify options to improve the review of changes made to master files and journal entries.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management agrees. For the year ended June 30, 2023, procedures were implemented for the documentation of the review and approval of posting journal entries, updates made to vendor master files, identify employees completing cash reconciliations as well as the completion date and the approval of these reconciliations. The City’s Finance Department will continue to be mindful of and identify any solutions in which they may further segregate duties to minimize associated risk. The City’s new financial accounting software will further allow the segregation of duties, especially those related to payroll, adding of customers, charge write-offs, transaction management, and reconciliations.</p>

City of Lawton
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section III – Federal Audit Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.