

December 17, 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, 2023 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, 2023**

**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, 2023

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

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, the Fires Innovation Science and Technology Accelerator, and the Lawton Youth Sports Trust Authority, which represent 88%, 285%, and 81% 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 50%, 52%, and 26% 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison schedule, 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 November 22, 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 Mazars, LLP

**Rogers, Arkansas
November 22, 2024**

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

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, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$22.4 million or 6.08% from the prior year.
- During the year, the City's expenses for governmental activities were \$107.2 million and were funded by program revenues of \$20.5 million and further funded with taxes and other general revenues, including transfers in, that totaled \$110.5 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$22.2 million.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$29.7 million.
- For budgetary reporting purposes, the General Fund reported revenues below estimates by \$25.3 million or 34.5%, while expenditures were below final appropriations by \$12.6 million or 17.0%.

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.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

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 nine 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, 2023**

- **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)** – a public trust created to administer approved urban renewal projects within the City of Lawton.
- **Lawton Youth Sports Trust Authority (LYSTA)** – public trust created to promote youth athletic programs in the city.
- **Fires Innovation Science and Technology Accelerator Development Trust Authority (FISTSA)** – public trust created to promote high quality business development.

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 provides additional information about specified elements of the financial statements, combining schedules and long-term debt service coverage.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

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, Lawton Youth Sports Trust Authority, 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, 2023

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 \$391.1 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.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 140,676	\$ 134,382	5%	\$ 37,500	\$ 44,529	-16%	\$ 178,176	\$ 178,911	0%
Capital assets, net	201,466	194,275	4%	238,214	221,079	8%	439,680	415,354	6%
Other noncurrent assets	3,050	11,971	-75%	1,992	1,939	3%	5,042	13,910	-64%
Total assets	<u>345,192</u>	<u>340,628</u>	1%	<u>277,706</u>	<u>267,547</u>	4%	<u>622,898</u>	<u>608,175</u>	2%
Deferred outflows	<u>31,597</u>	<u>14,122</u>	124%	<u>4,568</u>	<u>3,789</u>	21%	<u>36,165</u>	<u>17,911</u>	102%
Current liabilities	31,325	38,798	-19%	14,940	7,830	91%	46,265	46,628	-1%
Noncurrent liabilities	127,479	96,314	32%	76,361	69,012	11%	203,840	165,326	23%
Total liabilities	<u>158,804</u>	<u>135,112</u>	18%	<u>91,301</u>	<u>76,842</u>	19%	<u>250,105</u>	<u>211,954</u>	18%
Deferred inflows	<u>14,406</u>	<u>39,877</u>	-64%	<u>3,500</u>	<u>5,629</u>	-38%	<u>17,906</u>	<u>45,506</u>	-61%
Net position									
Net investment in capital assets	161,657	160,703	1%	188,781	176,731	7%	350,438	337,434	4%
Restricted	46,197	29,203	58%	1,927	1,841	5%	48,124	31,044	55%
Unrestricted (deficit)	(4,274)	(10,145)	58%	(3,233)	10,293	-131%	(7,507)	148	-5172%
Total net position	<u>\$ 203,580</u>	<u>\$ 179,761</u>	13%	<u>\$ 187,475</u>	<u>\$ 188,865</u>	-1%	<u>\$ 391,055</u>	<u>\$ 368,626</u>	6%

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2023, this net investment in capital assets amounted to \$350 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, \$48 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 deficit of \$7.6 million.

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

Governmental Activities:

Other noncurrent assets – Decreased \$8.9 million (75%) due to a reduction in the net pension asset of Oklahoma Police Pension Fund.

Deferred outflows – Increase of \$17.5 million (124%) due to an increase in in deferred amounts related to the three pension plans the city participates.

Noncurrent liabilities – Increase of \$31.2 million (32%) related to an increase in the city's proportionate share of net fire pension liability of \$26.7 million and an increase in the city pension liability of \$9.0 million.

Deferred inflows – Decrease in related to changes in the pension plans.

Business-Type Activities:

No significant changes to discuss.

Changes in Net Position

For the year ended June 30, 2023, 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, 2023

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Revenues									
Charges for service	\$ 8,138	\$ 6,743	21%	\$ 57,187	\$ 49,532	15%	\$ 65,325	\$ 56,275	16%
Operating grants and contributions	9,689	14,859	-35%	-	487	100%	9,689	15,346	-37%
Capital grants and contributions	2,713	171	1487%	111	17	553%	2,824	188	1402%
General revenues:									
Sales and use taxes	62,130	62,857	-1%	-	-	-	62,130	62,857	-1%
Other taxes and intergovernmental revenues	16,964	14,841	14%	-	-	-	16,964	14,841	14%
Investment income	5,024	325	1446%	218	160	36%	5,242	485	981%
Miscellaneous	2,272	2,915	-22%	313	237	32%	2,585	3,152	-18%
Total revenues	<u>106,930</u>	<u>102,711</u>	4%	<u>57,829</u>	<u>50,433</u>	15%	<u>164,759</u>	<u>153,144</u>	8%
Expenses									
General government	18,662	19,439	-4%	-	-	-	18,662	19,439	-4%
Public safety	52,721	37,496	41%	-	-	-	52,721	37,496	41%
Streets	18,363	14,310	28%	-	-	-	18,363	14,310	28%
Transportation	9,578	3,292	191%	-	-	-	9,578	3,292	191%
Culture and recreation	3,360	7,458	-55%	-	-	-	3,360	7,458	-55%
Community/economic development	3,544	3,806	-7%	-	-	-	3,544	3,806	-7%
Interest	1,021	1,108	-8%	-	-	-	1,021	1,108	-8%
Water	-	-	-	17,929	16,402	9%	17,929	16,402	9%
Wastewater	-	-	-	10,532	8,225	28%	10,532	8,225	28%
Sanitation	-	-	-	6,620	5,985	11%	6,620	5,985	11%
Total expenses	<u>107,249</u>	<u>86,909</u>	23%	<u>35,081</u>	<u>30,612</u>	15%	<u>142,330</u>	<u>117,521</u>	21%
Excess (deficiency) before transfers	(319)	15,802	-102%	22,748	19,821	15%	22,429	35,623	-37%
Transfers	<u>24,138</u>	<u>9,595</u>	152%	<u>(24,138)</u>	<u>(9,595)</u>	152%	<u>-</u>	<u>-</u>	-
Change in net position	<u>23,819</u>	<u>25,397</u>	-6%	<u>(1,390)</u>	<u>10,226</u>	-114%	<u>22,429</u>	<u>35,623</u>	-37%

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

Governmental Activities:

Operating grants and contributions – decrease of \$5.2 million (35%) due to a decrease in federal grants.

Capital grants and contributions – increase of \$2.5 million (1486%) due to a increase in federal grants and capital contributions.

Investment income – increase of \$4.7 million (1446%) due to a shift in the market and increase in investment income and capital gains.

Expenses – all expense functions changed due to the continued changes in categories and restructuring during the software conversion. In addition, significant changes in the pension plans caused increases in several expense functions.

Operating transfers – increase of \$14.5 million (152%) due to an increase in transfers in from other funds for operation and transfer of sales tax to comply with debt indentures.

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

Business-Type Activities:

Operating transfers – decrease of \$14.5 million (152%) due to a decrease in transfers in from other funds for operation and transfer of sales tax to comply with debt indentures.

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>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 18,662	\$ 19,439	-4%	\$ (15,536)	\$ (9,670)	61%
Public safety	52,721	37,496	41%	(44,291)	(32,306)	37%
Streets	18,363	14,310	28%	(15,908)	(13,681)	16%
Transportation	9,578	3,292	191%	(8,486)	(6,821)	24%
Community/economic development	3,360	7,458	-55%	(442)	(1,138)	-61%
Culture, parks and recreation	3,544	3,806	-7%	(1,025)	(412)	149%
Interest on long-term debt	1,021	1,108	-8%	(1,021)	(1,108)	-8%
Total	<u>\$ 107,249</u>	<u>\$ 86,909</u>	23%	<u>\$ (86,709)</u>	<u>\$ (65,136)</u>	33%

For the year ended June 30, 2023, total expenses for governmental activities amounted to \$107.2 million, an increase of 23% 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>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 17,929	\$ 16,402	9%	\$ 13,052	\$ 10,285	27%
Wastewater	10,532	8,225	28%	1,704	2,373	-28%
Sanitation	6,620	5,985	11%	7,461	6,766	10%
Total	<u>\$ 35,081</u>	<u>\$ 30,612</u>	15%	<u>\$ 22,217</u>	<u>\$ 19,424</u>	14%

CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

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 \$22.2 million for the year ended June 30, 2023.
- Each individual activity/service reported net revenue for the year ended June 30, 2023.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$119.7 million or a 10.6% increase from 2022. The proprietary funds reported combined total net position of \$187.5 million or a .74% decrease from 2022.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$15.7 million or 49.2%.
- The 2019 CIP Fund's total fund balance decreased by \$18.7 million or 90.83% due to capital project expenditures and transfers to other funds.
- The Federal Grant Fund received \$10.1 million of ARPA funding that had not been spent as of June 30.
- The Street and GO Bond Fund fund balance increased by \$9.1 million due to the issuance of \$8.1 million in general obligation bonds for street purposes.

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues below estimates by \$25.3 million or 34.532%, while expenditures were below final appropriations by 12.6 million or 17.01%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$440 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 \$24.3 million or 5.9% over the prior year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 6,060	\$ 5,298	\$ 1,911	\$ 1,893	7,971	\$ 7,191
Buildings and utility infrastructure	82,689	84,497	167,874	170,919	250,563	255,416
Machinery, furniture and equipment	12,869	70,454	9,147	8,051	22,016	78,505
Infrastructure	74,306	9,492	-	-	74,306	9,492
Water rights	-	-	27,133	27,519	27,133	27,519
Construction in progress	25,542	24,535	32,149	12,697	57,691	37,232
Totals	<u>\$ 201,466</u>	<u>\$ 194,276</u>	<u>\$ 238,214</u>	<u>\$ 221,079</u>	<u>\$ 439,680</u>	<u>\$ 415,355</u>

See Note 2.C. to the financial statements for more detailed 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, 2023

Long- Term Liabilities

At year-end, the City had \$128.5 million in long-term liabilities outstanding, which represents a \$3.2 million or 2.6% increase from the prior year. The increase is due to the City issuing \$20.4 million of new debt and retiring \$16.9 million. The City's changes in long-term liabilities by type of debt are as follows:

TABLE 6
Long-Term Obligations
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accrued compensated absences	\$ 9,349	\$ 9,165	\$ 1,684	\$ 1,577	\$ 11,033	\$ 10,742
General obligation bonds	31,360	27,050	-	-	31,360	27,050
Debt premium	684	545	820	888	1,504	1,433
Worker's Compensation liability	529	450	398	338	927	788
Judgment payable	732	587	-	-	732	587
Revenue Notes payable	16,205	22,909	5,020	7,611	21,225	30,520
Notes payable	2,772	3,130	30,162	20,879	32,934	24,009
Contracts payable	-	-	20,050	21,885	20,050	21,885
Landfill Closure and Post-Closure	-	-	8,696	8,231	8,696	8,231
Totals	\$ 61,631	\$ 63,836	\$ 66,830	\$ 61,409	\$ 128,461	\$ 125,245

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 2023-2024

Financial Performance

During the FY 2023, The City of Lawton recorded total revenues of \$245,953,184, representing a decrease by 5.28% compared to the previous year, primarily driven by decreases in sales and use tax revenues. Included in that revenue, the city received federal, state, and local grants totaling \$3,046,752, supporting various community programs and services.

Total expenses for the year amounted to \$253,749,806 which increased by 0.63%. Despite the increase in expenses, the city was able to maintain a balanced budget and achieve a marginal surplus for the year. This surplus was primarily driven by careful budget management and cost-saving measures implemented throughout the year.

Key Accomplishments

The City of Lawton achieved several key accomplishments that have positively impacted the community. These accomplishments include:

1. Infrastructure Improvements: The city completed several infrastructure improvement projects, including road repairs ("10 Wins for Citizens"), water system upgrades, and park renovations. These projects have enhanced the quality of life for residents and improved the overall appearance of the city.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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2. Economic Development: FISTA (Fires Innovation Science and Technology Accelerator Innovation Park) attracted several new Aerospace and Defense businesses to the area, creating job opportunities and stimulating economic growth. Additionally, the city invested in Lawton Fort Sill Economic Development Corporation's (LEDC) workforce development programs to help new graduates and citizens in trade fields gain the skills needed to succeed in the workforce.

3. Public Safety Initiatives: The city implemented several public safety initiatives, including community policing programs (The Sentinel Program) and crime prevention efforts (Citizen's Police Academy). These initiatives have helped reduce crime rates and improve the overall safety of the community.

Challenges Faced

Despite the city's accomplishments, there were several challenges faced during FY 2023. These challenges include:

1. Rising Costs: The city experienced rising costs in several key areas, including employee salaries and benefits, healthcare expenses, pension contributions, and the highest inflation rates since the 1980's. These increased costs put pressure on the city's budget and required careful financial management to maintain a balanced budget.

2. Aging Infrastructure: The city's infrastructure is aging and in need of repairs and upgrades. While the city made progress on several infrastructure improvement projects, more investment is needed to address the growing infrastructure needs of the community.

3. Revenue Volatility: The city's revenue, such as sales tax is subject to economic fluctuations and can be unpredictable. This revenue volatility makes it challenging to forecast future budget needs and requires the city to maintain a conservative financial approach.

Looking Ahead

As we look ahead to fiscal year 2024 and beyond, the City of Lawton remains committed to maintaining a balanced budget, investing in infrastructure improvements, and supporting economic development initiatives. We will continue to prioritize public safety, infrastructure, and community development to ensure the long-term sustainability and prosperity of our city.

We would like to thank our dedicated employees, elected officials, residents, and community partners for their continued support and collaboration. Together, we will work towards a brighter future for the City of Lawton.

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, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 112,690,166	\$ 18,212,602	\$ 130,902,768	\$ 4,940,526
Cash and cash equivalents, restricted current	-	3,484,591	3,484,591	1,136,710
Investments	13,157,605	3,903,967	17,061,572	1,168,655
Investments, restricted	-	962,647	962,647	-
Interest receivable	31,748	11,279	43,027	135
Accounts receivable, net	891,031	10,352,958	11,243,989	2,150,827
Inventory	154,809	-	154,809	152,589
Prepaid items	1,732	-	1,732	296,078
Due from other governments	12,134,668	69,604	12,204,272	1,347,392
Other assets	-	-	-	5,727
Lease receivable	111,105	502,646	613,751	2,239,210
Advance to component unit	1,659,698	-	1,659,698	-
Cash and cash equivalents, restricted noncurrent	-	1,992,261	1,992,261	173,342
Net pension asset	2,893,137	-	2,893,137	-
Land held for resale	-	-	-	2,508,159
Capital assets:				
Land and construction in progress	31,602,292	34,059,865	65,662,157	3,241,374
Other capital assets, net of depreciation	169,864,085	204,154,741	374,018,826	40,646,341
Total Assets	345,192,076	277,707,161	622,899,237	60,007,065
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	30,235,977	2,592,722	32,828,699	-
Deferred amount related to OPEB	1,361,167	833,146	2,194,313	-
Deferred amount on refunding	-	1,142,448	1,142,448	-
Total deferred outflows	31,597,144	4,568,316	36,165,460	-
LIABILITIES				
Accounts payable and accrued liabilities	8,542,482	6,528,139	15,070,621	801,369
Accrued interest payable	250,755	139,976	390,731	191,744
Unearned revenue	10,100,682	-	10,100,682	1,025,218
Advance from primary government	-	-	-	1,659,698
Long-term liabilities:				
Due within one year	12,431,340	8,271,555	20,702,895	3,066,250
Due in more than one year	127,478,666	76,361,185	203,839,851	39,777,786
Total liabilities	158,803,925	91,300,855	250,104,780	46,522,065
DEFERRED INFLOWS:				
Deferred amounts related to pensions	6,570,589	651,908	7,222,497	-
Deferred amounts related to OPEB	7,721,782	2,356,713	10,078,495	-
Deferred amounts related to leases	113,265	491,043	604,308	2,239,210
Total deferred inflows	14,405,636	3,499,664	17,905,300	2,239,210
NET POSITION:				
Net investment in capital assets	161,656,663	188,780,858	350,437,521	43,828,540
Net Position:				
Restricted	46,196,882	1,927,117	48,123,999	1,309,758
Unrestricted (deficit)	(4,273,886)	(3,233,017)	(7,506,903)	(33,892,508)
Total net position	\$ 203,579,659	\$ 187,474,958	\$ 391,054,617	\$ 11,245,790

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Activities –Year Ended June 30, 2023

		Program Revenue			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Discretely Presented Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 18,661,908	\$ 2,206,333	\$ 370,905	\$ 548,500	\$ (15,536,170)	\$ -	\$ (15,536,170)	\$ -
Public Safety	52,721,598	2,613,479	5,405,921	410,994	(44,291,204)	-	(44,291,204)	-
Streets	18,362,706	699,016	2,590	1,752,992	(15,908,108)	-	(15,908,108)	-
Culture and recreation	9,577,573	956,220	135,734	-	(8,485,619)	-	(8,485,619)	-
Community development	3,359,940	1,449,067	1,468,576	-	(442,297)	-	(442,297)	-
Transportation	3,544,342	214,161	2,305,327	-	(1,024,854)	-	(1,024,854)	-
Interest on long-term debt	1,020,765	-	-	-	(1,020,765)	-	(1,020,765)	-
Total governmental activities	107,248,832	8,138,276	9,689,053	2,712,486	(86,709,017)	-	(86,709,017)	-
Business-type activities:								
Water	17,929,003	30,980,644	-	-	-	13,051,641	13,051,641	-
Wastewater	10,532,193	12,145,057	-	91,000	-	1,703,864	1,703,864	-
Sanitation	6,619,554	14,061,011	-	20,000	-	7,461,457	7,461,457	-
Total business-type activities	35,080,750	57,186,712	-	111,000	-	22,216,962	22,216,962	-
Total primary government	142,329,582	65,324,988	9,689,053	2,823,486	(86,709,017)	22,216,962	(64,492,055)	-
Component Units:								
Airport	5,589,402	2,969,560	701,738	3,366,775				1,448,671
Culture and Recreation	1,570,489	293,975	1,633,661	-				357,147
Economic Development	4,123,855	2,547,279	8,861,984	-				7,285,408
Transportation	194,345	-	192,404	-				(1,941)
Total component units	11,478,091	5,810,814	11,389,787	3,366,775				9,089,285
General revenues:								
Taxes:								
Sales and use taxes					62,129,944	-	62,129,944	-
Property tax					4,898,643	-	4,898,643	-
Franchise and public service taxes					2,992,298	-	2,992,298	-
Hotel/motel taxes					1,974,065	-	1,974,065	-
Intergovernmental revenue not restricted to specific programs					2,398,368	-	2,398,368	-
Grant revenue not restricted to specific programs					4,700,432	-	4,700,432	-
Investment income					5,024,312	217,914	5,242,226	-
Miscellaneous					2,271,871	312,896	2,584,767	227,554
Transfers - internal activity					24,137,832	(24,137,832)	-	-
Total general revenues and transfers					110,527,765	(23,607,022)	86,920,743	227,554
Change in net position					23,818,748	(1,390,060)	22,428,688	9,316,839
Net position - beginning					179,760,911	188,865,018	368,625,929	1,928,951
Net position - ending					\$ 203,579,659	\$ 187,474,958	\$ 391,054,617	\$ 11,245,790

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet - June 30, 2023

	<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	\$ 33,988,059	\$ 13,628,595	\$ 557,144	\$ 26,619,639	\$ 35,492,868	\$ 110,286,305
Investments	828,914	-	9,585,212	-	2,743,479	13,157,605
Receivables:						
Accounts receivable	51,411	-	-	-	839,620	891,031
Accrued interest receivable	950	-	24,527	-	6,271	31,748
Advance to component unit	-	-	-	-	1,659,698	1,659,698
Due from other funds	10,689,665	-	-	-	124,075	10,813,740
Due from other governments	4,401,334	11,318	4,286,370	-	3,435,554	12,134,576
Lease receivable	111,105	-	-	-	-	111,105
Inventory	154,809	-	-	-	-	154,809
Prepaid item	1,732	-	-	-	-	1,732
Total assets	<u>\$ 50,227,979</u>	<u>\$ 13,639,913</u>	<u>\$ 14,453,253</u>	<u>\$ 26,619,639</u>	<u>\$ 44,301,565</u>	<u>\$ 149,242,349</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,294,367	\$ -	\$ 4,113,179	\$ 228,061	\$ 1,353,424	\$ 7,989,031
Due to other funds	124,075	-	8,447,293	-	2,240,804	10,812,172
Unearned revenue	-	10,100,682	-	-	-	10,100,682
Total liabilities	<u>2,418,442</u>	<u>10,100,682</u>	<u>12,560,472</u>	<u>228,061</u>	<u>3,594,228</u>	<u>28,901,885</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	127,508	-	-	-	-	127,508
Unavailable revenue	-	-	-	-	338,953	338,953
Total deferred inflows of resources	<u>127,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,953</u>	<u>466,461</u>
Fund balances:						
Nonspendable	156,541	-	-	-	-	156,541
Restricted	-	-	1,892,781	26,391,578	28,434,507	56,718,866
Committed	3,818,463	3,539,231	-	-	-	7,357,694
Assigned	13,971,111	-	-	-	11,933,877	25,904,988
Unassigned	29,735,914	-	-	-	-	29,735,914
Total fund balances	<u>47,682,029</u>	<u>3,539,231</u>	<u>1,892,781</u>	<u>26,391,578</u>	<u>40,368,384</u>	<u>119,874,003</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,227,979</u>	<u>\$ 13,639,913</u>	<u>\$ 14,453,253</u>	<u>\$ 26,619,639</u>	<u>\$ 44,301,565</u>	<u>\$ 149,242,349</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, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 119,874,003
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 \$126,410,490 and net of Internal Service Fund capital assets of \$9,521,758	191,944,799
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	338,953
Net pension asset	2,893,137
Pension related deferred outflows	30,235,977
OPEB related deferred outflows	1,361,167
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	(31,360,000)
Accrued interest payable	(250,755)
Unamortized bond premium	(684,344)
Notes payable	(2,771,544)
Judgments payable	(731,983)
Revenue notes payable	(16,205,295)
Total OPEB liability	(7,041,746)
Accrued compensated absences	(9,213,967)
Net pension liability	(71,237,080)
Pension related deferred inflows	(6,570,589)
OPEB related deferred inflows	(7,721,782)
Accrued workers compensation claims	(529,307)
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	11,250,015
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 203,579,659</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, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2023

	<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	\$ 37,375,673	\$ -	\$ 28,130,258	\$ -	\$ 7,341,766	\$ 72,847,697
Intergovernmental	6,478,851	5,154,931	1,158,692	-	5,086,164	17,878,638
Charges for services	882,834	-	-	-	1,556,535	2,439,369
Fines and forfeitures	1,968,602	-	-	-	1,468,038	3,436,640
Licenses and permits	1,417,280	-	-	-	48,413	1,465,693
Investment income	1,749,753	154	1,489,186	1,542,960	242,259	5,024,312
Miscellaneous	2,025,580	-	16,580	-	1,239,467	3,281,627
Total revenues	<u>51,898,573</u>	<u>5,155,085</u>	<u>30,794,716</u>	<u>1,542,960</u>	<u>16,982,642</u>	<u>106,373,976</u>
EXPENDITURES						
Current:						
General government	9,147,203	-	-	-	1,474,291	10,621,494
Public Safety	39,139,396	112,937	570,193	-	2,647,518	42,470,044
Public works and streets	8,912,366	-	-	111,837	1,094,976	10,119,179
Culture and recreation	6,990,317	99,136	-	-	1,975,188	9,064,641
Community development	2,170,105	-	-	-	1,133,929	3,304,034
Transportation	-	-	-	-	3,131,097	3,131,097
Capital Outlay	485,725	4,564,462	33,267,472	595,119	4,801,420	43,714,198
Debt Service:						
Principal	175,484	-	-	-	11,203,514	11,378,998
Interest and fiscal charges	53,297	-	-	-	1,143,807	1,197,104
Total expenditures	<u>67,073,893</u>	<u>4,776,535</u>	<u>33,837,665</u>	<u>706,956</u>	<u>28,605,740</u>	<u>135,000,789</u>
Excess (deficiency) of revenues over expenditures	<u>(15,175,320)</u>	<u>378,550</u>	<u>(3,042,949)</u>	<u>836,004</u>	<u>(11,623,098)</u>	<u>(28,626,813)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	8,100,000	-	8,100,000
Debt issuance premium	-	-	-	232,965	-	232,965
Transfers in	36,734,723	-	2,435,133	-	26,105,630	65,275,486
Transfers out	(7,411,188)	-	(18,137,597)	-	(9,391,164)	(34,939,949)
Total other financing sources (uses)	<u>29,323,535</u>	<u>-</u>	<u>(15,702,464)</u>	<u>8,332,965</u>	<u>16,714,466</u>	<u>38,668,502</u>
Net change in fund balances	14,148,215	378,550	(18,745,413)	9,168,969	5,091,368	10,041,689
Fund balances - beginning	33,533,814	3,160,681	20,638,194	17,222,609	35,277,016	109,832,314
Fund balances - ending	<u>\$ 47,682,029</u>	<u>\$ 3,539,231</u>	<u>\$ 1,892,781</u>	<u>\$ 26,391,578</u>	<u>\$ 40,368,384</u>	<u>\$ 119,874,003</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, 2023

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 10,041,689

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	14,996,450
Capital assets donated	892,610
Capital assets transferred to business type activities	(2,590)
Depreciation expense	(9,389,621)
Disposed capital assets	(52,741)

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.

333,788

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	(31,542)
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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	(457,194)
Judgment payments	312,639
Debt proceeds	(8,100,000)
Debt premium	(232,965)
General obligation bonds principal payments	3,790,000
Revenue note principal payments	6,704,121
Note payable principal payments	358,106

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	79,711
Change in accrued compensated absences	(173,242)
Change in total OPEB liability	372,818
Amortization of bond premium	93,626
Change in accrued workers comp claim	(79,382)

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	4,362,467
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Change in net position of governmental activities	\$ 23,818,748
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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, 2023

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	Lawton Water Authority - Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,212,602	\$ 2,403,861
Investments	3,903,967	-
Cash and cash equivalents, restricted	3,484,591	-
Investments, restricted	962,647	-
Accounts receivable, net of allowance \$2,416,528	10,352,958	92
Interest receivable	11,279	-
Due from other governments	69,604	-
Leases receivable	502,646	-
Total current assets	<u>37,500,294</u>	<u>2,403,953</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	1,992,261	-
Land and construction in progress	34,059,865	9,075,145
Other capital assets, net	204,154,741	446,433
Total noncurrent assets	<u>240,206,867</u>	<u>9,521,578</u>
Total assets	<u>277,707,161</u>	<u>11,925,531</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	2,592,722	-
Deferred amounts related to OPEB	833,146	-
Deferred amount on refunding	1,142,448	-
	<u>4,568,316</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	6,528,139	236,221
Accrued interest payable	139,976	-
Due to other funds	-	1,568
Accrued compensated absences	201,230	16,101
Deposits subject to refund	530,312	-
Landfill post closure liability	2,368,624	-
Contract payable - Waurika note	1,735,847	-
Worker's compensation liability	199,065	-
Notes payable	584,898	-
Revenue bonds payable	2,651,579	-
Total current liabilities	<u>14,939,670</u>	<u>253,890</u>
Noncurrent liabilities:		
Accrued compensated absences	1,482,703	118,639
Landfill post closure liability	6,327,382	-
Claims liability	-	302,987
Contract payable - Waurika note	19,134,659	-
Worker's compensation liability	199,064	-
Deposits subject to refund	2,121,249	-
Total OPEB liability	2,108,546	-
Notes payable	29,576,906	-
Revenue bond payable, net	2,368,125	-
Net pension liability	13,042,551	-
Total noncurrent liabilities	<u>76,361,185</u>	<u>421,626</u>
Total liabilities	<u>91,300,855</u>	<u>675,516</u>
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	651,908	-
Deferred amounts related to OPEB	2,356,713	-
Deferred amounts related to leases	491,043	-
	<u>3,499,664</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	188,780,858	9,521,578
Restricted for debt service	2,099,203	-
Restricted for landfill financial assurance	162,959	-
Unrestricted (deficit)	(3,568,062)	1,728,437
Total net position	<u>\$ 187,474,958</u>	<u>\$ 11,250,015</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, 2023

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2023

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 57,184,422	\$ 8,594,926
Other sources	188,401	-
Operating grants	20,000	-
Total operating revenues	<u>57,392,823</u>	<u>8,594,926</u>
OPERATING EXPENSES		
General government and claims	-	6,557,942
Public works operations	22,683,506	-
Computer service operations	-	2,082,216
Depreciation expense	10,658,262	93,607
Landfill closure expense	464,615	-
Total operating expenses	<u>33,806,383</u>	<u>8,733,765</u>
Operating income (loss)	<u>23,586,440</u>	<u>(138,839)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	308,914	-
Interest expense and fiscal charges	(1,289,867)	-
Loss on asset retirement	15,500	-
Other non-operating revenue	126,785	1,854
Capital assets purchased for governmental activities	-	(3,857)
Total nonoperating revenue (expenses)	<u>(838,668)</u>	<u>(2,003)</u>
Income (loss) before contributions and transfers	<u>22,747,772</u>	<u>(140,842)</u>
Capital asset transfers in and capital contributions	9,944,264	756,750
Transfers in	6,754,508	3,747,989
Transfers out	<u>(40,836,604)</u>	<u>(1,430)</u>
Change in net position	<u>(1,390,060)</u>	<u>4,362,467</u>
Total net position - beginning	188,865,018	6,887,548
Total net position - ending	<u>\$ 187,474,958</u>	<u>\$ 11,250,015</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, 2023

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	<u>Lawton Water</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 56,112,598	\$ -
Receipts from interfund services provided	-	8,597,543
Payments to suppliers	(4,655,590)	(936,577)
Payments to employees	(10,251,608)	(1,024,705)
Receipts of customer meter deposits	(921,919)	-
Refunds of customer meter deposits	(605,175)	-
Receipts from (payments on) interfund loan	-	(11,056)
Claims and benefits paid	-	(6,564,040)
Net cash provided by operating activities	<u>39,678,306</u>	<u>61,165</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	6,754,508	2,173,000
Transfers to other funds	(40,836,604)	-
Principal paid on debt	(4,659,398)	-
Interest and fiscal agent fees paid on debt	(748,778)	-
Net cash provided by (used in) noncapital financing activities	<u>(39,490,272)</u>	<u>2,173,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(17,848,579)	(84,197)
Capital assets purchased for other funds	-	(5,287)
Principal paid on debt	(297,775)	-
Interest and fiscal charges paid on debt	(501,316)	-
Proceeds from debt	9,813,854	-
Net cash used in capital and related financing activities	<u>(8,833,816)</u>	<u>(89,484)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(459,430)	-
Interest and dividends	308,187	-
Net cash used in investing activities	<u>(151,243)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(8,797,025)	2,144,681
Balances - beginning of year	<u>32,486,479</u>	<u>259,180</u>
Balances - end of year	<u>\$ 23,689,454</u>	<u>\$ 2,403,861</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 18,212,602	\$ 2,403,861
Restricted cash and cash equivalents - current	3,484,591	-
Restricted cash and cash equivalents - noncurrent	1,992,261	-
Total cash and cash equivalents, end of year	<u>\$ 23,689,454</u>	<u>\$ 2,403,861</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 23,586,440	\$ (138,839)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	10,658,262	93,607
Other miscellaneous revenue	126,785	1,854
Change in assets, liabilities and deferrals:		
Receivables, net	(1,817,037)	763
Due from other governments	417,626	-
Lease receivable	52,719	-
Deferred outflows related to pension	(1,012,054)	-
Deferred outflows related to OPEB	139,161	-
Accounts payable	5,878,383	141,302
Deposits subject to refund	303,589	-
Due to employees	(330,932)	-
Due to other funds	-	(11,056)
Claims liability	59,709	(37,011)
Landfill closure liability	464,615	-
Total OPEB liability	(818,619)	-
Net pension liability	3,992,529	-
Accrued compensated absences	106,622	10,545
Deferred inflows related to leases	(60,318)	-
Deferred inflows related to OPEB	617,631	-
Deferred inflows related to pension	(2,686,805)	-
Net cash provided by operating activities	<u>\$ 39,678,306</u>	<u>\$ 61,165</u>
Noncash investing, capital and financing activities:		
Noncash transfer	\$ -	\$ 1,574,989
Noncash capital contributions received	9,961,194	756,750
	<u>\$ 9,961,194</u>	<u>\$ 2,331,739</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, 2023

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Fiduciary Fund Statement of Fiduciary Net Position - June 30, 2023

	City Employees Retirement Trust Fund
ASSETS	
Investments, at fair value:	
Purchased judgments	\$ 731,983
United States government securities and agencies	780,516
Common stock	9,855,736
Mutual funds	45,576,446
Interest receivable	20,709
Employer contributions receivable	25,743
Employee contributions receivable	9,220
Total assets	<u>\$ 57,000,353</u>
LIABILITIES	
Net deficit- cash and equivalents	192,577
Other payables	923,123
Total liabilities	<u>\$ 1,115,700</u>
NET POSITION:	
Net position restricted for pensions	<u><u>\$ 55,884,653</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, 2023

Fiduciary Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2023

	City Employees Retirement Trust Fund
ADDITIONS	
Contributions:	
Members	\$ 697,712
Employer	1,978,414
Total Contributions	<u>2,676,126</u>
Investment Income:	
Net decrease in fair value of investments	4,564,575
Interest, dividends and other	<u>1,877,728</u>
Total Investment loss	6,442,303
Less investment expense:	
Investment activity expense	<u>(321,924)</u>
Net Investment Income	<u>6,120,379</u>
Other income	6,512
Total Additions	<u>8,803,017</u>
DEDUCTIONS	
Benefits paid to participants or beneficiaries	6,181,728
Refunds and transfers to other systems	766,275
Administrative expense	<u>20,258</u>
Total Deductions	<u>6,968,261</u>
Change in net position restricted for pensions	1,834,756
Net position - beginning	<u>54,049,897</u>
Net position - ending	<u><u>\$ 55,884,653</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, 2023

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Component Units – Combining Statement of Net Position - June 30, 2023

	LAWTON METROPOLITAN AREA AIRPORT AUTHORITY	MCMABON AUDITORIUM AUTHORITY	MUSEUM OF THE GREAT PLAINS TRUST AUTHORITY	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	LAWTON URBAN RENEWAL AUTHORITY	FIRE INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON YOUTH SPORTS TRUST AUTHORITY	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
ASSETS										
Current Assets:										
Cash, including time deposits	\$ 363,221	\$ 167,375	\$ 614,014	\$ 637,540	\$ 2,498,464	\$ 64,485	\$ 412,432	\$ 1,735	\$ 181,060	\$ 4,940,526
Restricted cash	-	-	-	-	-	-	1,136,710	-	-	1,136,710
Investments	-	-	1,168,655	-	-	-	-	-	-	1,168,655
Accounts receivable	88,073	11,597	50,145	56,698	1,616,529	-	100,044	-	227,741	2,150,827
Accrued interest receivable	-	-	135	-	-	-	-	-	-	135
Inventory	111,648	-	40,941	-	-	-	-	-	-	152,589
Land held for resale	-	-	-	-	2,508,159	-	-	-	-	2,508,159
Leases receivable	94,821	-	-	-	-	-	951,543	-	-	1,046,364
Due from other governments	647,504	-	-	-	-	-	146,260	87,236	-	881,000
Prepaid items	11,887	-	7,840	-	-	-	10,085	-	-	29,812
Total current assets	1,317,154	179,172	1,881,730	694,238	6,623,152	64,485	2,757,074	88,971	408,801	14,014,777
Noncurrent Assets:										
Cash, including time deposits	173,342	-	-	-	-	-	-	-	-	173,342
Due from other governments	-	-	-	-	-	466,392	-	-	-	466,392
Leases receivable	151,756	-	-	-	-	-	1,041,090	-	-	1,192,846
Prepaid land lease	266,266	-	-	-	-	-	-	-	-	266,266
Other assets	5,727	-	-	-	-	-	-	-	-	5,727
Capital Assets:										
Land and construction in progress	2,725,261	-	383,207	-	-	109,656	23,250	-	-	3,241,374
Depreciable, net of accumulated depreciation	26,734,425	656,586	5,425,185	-	-	-	7,814,957	11,688	3,500	40,646,341
Total noncurrent assets	30,056,777	656,586	5,808,392	-	-	576,048	8,879,297	11,688	3,500	45,992,288
Total Assets	31,373,931	835,758	7,690,122	694,238	6,623,152	640,533	11,636,371	100,659	412,301	60,007,065
LIABILITIES										
Current Liabilities:										
Accounts payable and accrued liabilities	118,321	6,243	24,783	67,194	258,152	-	167,450	87,236	71,990	801,369
Unearned revenue	12,333	12,885	-	-	-	-	1,000,000	-	-	1,025,218
Interest payable	-	-	-	-	158,822	-	32,922	-	-	191,744
Compensated absences	19,281	-	5,202	-	-	-	-	-	-	24,483
Notes payable	461,767	-	-	-	1,410,000	-	1,170,000	-	-	3,041,767
Total current liabilities	611,702	19,128	29,985	67,194	1,826,974	-	2,370,372	87,236	71,990	5,084,181
Noncurrent Liabilities:										
Due to primary government	-	-	-	-	1,406,513	-	-	-	253,185	1,659,698
Due to other governments	-	-	-	-	466,392	-	-	-	-	466,392
Notes payable	46,394	-	-	-	24,310,000	-	14,955,000	-	-	39,311,394
Total noncurrent liabilities	46,394	-	-	-	26,182,905	-	14,955,000	-	253,185	41,437,484
Total Liabilities	658,096	19,128	29,985	67,194	28,009,879	-	17,325,372	87,236	325,175	46,522,065
DEFERRED INFLOWS OF RESOURCES										
Deferred inflows from leases	246,577	-	-	-	-	-	1,992,633	-	-	2,239,210
NET POSITION										
Net investment in capital assets	29,400,512	656,586	5,808,391	-	-	109,656	7,838,207	11,688	3,500	43,828,540
Restricted for construction projects	173,342	-	-	-	-	-	1,136,416	-	-	1,309,758
Unrestricted (deficit)	895,404	160,044	1,851,746	627,044	(21,386,727)	530,877	(16,656,257)	1,735	83,626	(33,892,508)
Total Net Position	\$ 30,469,258	\$ 816,630	\$ 7,660,137	\$ 627,044	\$ (21,386,727)	\$ 640,533	\$ (7,681,634)	\$ 13,423	\$ 87,126	\$ 11,245,790

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Component Units - Combining Statement of Activities - Year Ended June 30, 2023

	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	FIRE'S INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON YOUTH SPORTS TRUST AUTHORITY	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
Expenses:										
Airport	\$ 5,589,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,589,402
Culture and recreation	-	298,100	1,009,370	263,019	-	-	-	-	-	1,570,489
Economic development	-	-	-	-	259,699	83,298	3,137,113	-	-	3,480,110
Transportation	-	-	-	-	-	-	-	329,332	194,345	523,677
Interest expense	-	-	-	-	643,745	-	-	-	-	643,745
Total expenses	5,589,402	298,100	1,009,370	263,019	903,444	83,298	3,137,113	329,332	194,345	11,807,423
Program Revenues:										
Charges for services	2,969,560	50,548	243,427	-	-	-	2,547,279	-	-	5,810,814
Operating grants and contributions	701,738	158,732	1,069,170	405,759	3,504,786	-	5,357,198	342,755	192,404	11,732,542
Capital grants and contributions	3,366,775	-	-	-	-	-	-	-	-	3,366,775
Total program revenues	7,038,073	209,280	1,312,597	405,759	3,504,786	-	7,904,477	342,755	192,404	20,910,131
Net revenue (expense)	1,448,671	(88,820)	303,227	142,740	2,601,342	(83,298)	4,767,364	13,423	(1,941)	9,102,708
General Revenues (Expense):										
Investment income	19,487	906	102,367	702	31,459	4	72,501	-	128	227,554
Total general revenues	19,487	906	102,367	702	31,459	4	72,501	-	128	227,554
Change in Net Position	1,468,158	(87,914)	405,594	143,442	2,632,801	(83,294)	4,839,865	13,423	(1,813)	9,330,262
Net Position, beginning 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
Net Position, end of year	\$ 30,469,258	\$ 816,630	\$ 7,660,137	\$ 627,044	\$ (21,386,727)	\$ 640,533	\$ (7,681,634)	\$ 13,423	\$ 87,126	\$ 11,245,790

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Component Units Combining - Governmental Funds Balance Sheet - June 30, 2023

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 637,540	\$ 2,498,464	\$ 3,136,004
Accounts receivable	56,698	1,616,529	1,673,227
Land held for resale	-	2,508,159	2,508,159
Total assets	<u>694,238</u>	<u>6,623,152</u>	<u>7,317,390</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	67,194	258,152	325,346
Due to other primary government	-	1,406,513	1,406,513
Due to other government	-	466,392	466,392
	<u>67,194</u>	<u>2,131,057</u>	<u>2,198,251</u>
Fund balances:			
Nonspendable	-	2,508,159	2,508,159
Committed	627,044	-	627,044
Unassigned	-	1,983,936	1,983,936
Total fund balances	<u>627,044</u>	<u>4,492,095</u>	<u>5,119,139</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 694,238</u>	<u>\$ 6,623,152</u>	<u>\$ 7,317,390</u>
Reconciliation to Government Wide Statement of Net Position:			
Total fund balance, governmental discretely presented component units	627,044	4,492,095	5,119,139
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	-	(158,822)	(158,822)
Notes payable	-	(25,720,000)	(25,720,000)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 627,044</u>	<u>\$ (21,386,727)</u>	<u>\$ (20,759,683)</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, 2023

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
REVENUES			
Intergovernmental	\$ 157,000	\$ 2,414,500	\$ 2,571,500
Investment income	702	31,459	32,161
Miscellaneous	248,759	1,090,286	1,339,045
Total revenues	<u>406,461</u>	<u>3,536,245</u>	<u>3,942,706</u>
EXPENDITURES			
Current:			
Culture and recreation	263,019	-	263,019
Economic development	-	447,368	447,368
Debt Service:			
Principal	-	1,370,000	1,370,000
Interest and fiscal charges	-	652,204	652,204
Total expenditures	<u>263,019</u>	<u>2,469,572</u>	<u>2,732,591</u>
Net change in fund balances	143,442	1,066,673	1,210,115
Fund balances - beginning , restated	483,602	3,425,422	3,909,024
Fund balances - ending	<u>\$ 627,044</u>	<u>\$ 4,492,095</u>	<u>\$ 5,119,139</u>
Reconciliation to Government Wide Statement of Activities:			
Net change in fund balance :	143,442	1,066,673	1,210,115
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	-	1,370,000	1,370,000
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	-	8,459	8,459
Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ 143,442</u>	<u>\$ 2,445,132</u>	<u>\$ 2,588,574</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) – a public trust created to administer approved urban renewal projects within the City of Lawton.

Lawton Youth Sports Trust Authority (LYSTA) – public trust created to promote youth athletic programs in the city.

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:

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- **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)

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, 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, Lawton Youth Sports Trusts Authority, 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

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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 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 the activity of the General Fund, Emergency Account, License and Permits Account, Municipal Court Account, Stormwater Mitigation Account, and Fringe Benefit 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: CDBG Fund, Special Revenue Fund, Narcotics Fund, Emergency 911 Fund, Cemetery Care Fund, Officers Training Fund, Lawton Parking Authority Fund, TIF Fund, McMahon Authority Grants Fund, Drainage Maintenance Fund, Lawton Industrial Development Authority, Hotel/Motel Tax Fund, Mass Transit Fund, Water System Impact Fees Fund, and Cellular Service Fee 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 services 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 is 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 is 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.

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. The deferred amount on refunding is 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 consist 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 are 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

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576 hours for staff division and 864 hours for shift division at the rate of 75% of hourly rate at the 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, leases 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 the budgetary process.
- e. Unassigned – represents a 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, 2023, the City's net assessed valuation of taxable property was \$488,386,760. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023, was \$9.76.

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, 2023, by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2023

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	\$ 128,185,782	n/a	n/a	\$ 128,185,782	\$ -	\$ -	\$ -	\$ -
Time deposits	6,108,259	n/a	Level II	-	4,646,528	1,461,731	-	-
Money Market Accounts	8,892,179	n/a	n/a	8,892,179	-	-	-	-
U.S. Treasury Obligations	2,949,516	AA+	Level I	-	2,450,399	499,117	-	-
U.S. Agencies Obligations	9,048,609	AA+	Level II	-	7,132,584	1,916,025	-	-
Sub-Total	\$ 155,184,345			\$ 137,077,961	\$ 14,229,511	\$ 3,876,873	\$ -	\$ -
Mutual Funds	45,576,446	n/a	Level I					
Common stock	9,855,746	n/a	Level I					
Purchased judgments	731,983	n/a	Level III					
Total Deposits and Investments	\$ 211,348,520							
Reconciliation to Financial Statements:								
Cash and cash equivalents	\$ 130,902,768							
Cash and cash equivalents, restricted - current	3,484,591							
Cash and cash equivalents, restricted - noncurrent	1,992,261							
Investments	17,061,572							
Investments, restricted	962,647							
Retirement fund investments:								
Judgments purchased as investments	731,983							
Mutual funds and other investments	45,576,446							
U.S. government security agencies	780,516							
Common stock	9,855,736							
	\$ 211,348,520							

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

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At June 30, 2023, 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, 2023, the investments held by the City mature between 2023 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, 2023, the City has 9.7% of their investments in FNMA, 8.3% in FHLMC, 10.7% in FFCB Bonds, 54.9% in common stock, and 16.4% in US Treasury 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, 2023 are as follows:

Restricted Cash and Cash Equivalents and Investments:

Landfill Financial Trust	\$	162,959
Public Works Debt Service		355,147
Series 2001B Promissory Note Debt Service		103
Series 2011 Sales Tax Utility Revenue Bond Debt Service		110,363
Series 2013 Sales Tax Utility Revenue note - debt service		389,705
Series 2016 Sales Tax Utility Revenue Bond:		
Debt Service		1,307,712
Construction		1,992,261
Meter deposit funds		2,121,249
	<u>\$</u>	<u>6,439,499</u>

Reconciliation to Proprietary Statement of Net Position:

Cash and cash equivalents, current	\$	3,484,591
Cash and cash equivalents, non current		962,647
Investments, current		1,992,261
	<u>\$</u>	<u>6,439,499</u>

Restricted assets of FISTA relate to construction funds from the outstanding note payable \$1,136,710.

2.B. Receivables

Significant account receivable balances at June 30, 2023 were:

	Governmental Activities	Business Type Activities	Total
Accounts Receivable:			
Emergency Communication Fees	\$ 8,675	\$ -	\$ 8,675
Utilities	-	11,913,381	11,913,381
Capital Fee	94,351	576,380	670,731
Drainage maintenance fee	204,540	-	204,540
Hotel/Motel	255,829	-	255,829
Sewer rehab fees	-	201,435	201,435
Miscellaneous	72,762	-	72,762
Mortgages receivable	338,953	-	338,953
Allowance for uncollectible	(84,079)	(2,338,238)	(2,422,317)
	<u>\$ 891,031</u>	<u>\$ 10,352,958</u>	<u>\$ 11,243,989</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 \$67,248.

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2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Deductions	Transfers	Balance at June 30, 2023
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 5,297,827	\$ 762,010	\$ -	\$ -	\$ 6,059,837
Construction in progress	24,534,779	17,080,545	(8,426,578)	(7,646,291)	25,542,455
Total capital assets not being depreciated	29,832,606	17,842,555	(8,426,578)	(7,646,291)	31,602,292
Other capital assets:					
Buildings and improvements	112,721,586	792,453	-	-	113,514,039
Infrastructure	124,591,610	7,728,096	-	-	132,319,706
Machinery, furniture and equipment	47,297,597	6,437,183	(1,866,408)	-	51,868,372
Intangibles	91,559	-	-	-	91,559
Total other capital assets	284,702,352	14,957,732	(1,866,408)	-	297,793,676
Less accumulated depreciation for:					
Buildings and improvements	28,224,714	2,600,450	-	-	30,825,164
Infrastructure	54,138,051	3,875,563	-	-	58,013,614
Machinery, furniture and equipment	37,897,264	3,007,214	(1,813,665)	-	39,090,813
Total accumulated depreciation	120,260,029	9,483,227	(1,813,665)	-	127,929,591
Other capital assets, net	164,442,323	5,474,505	(52,743)	-	169,864,085
Governmental activities capital assets, net	\$ 194,274,929	\$ 23,317,060	\$ (8,479,321)	\$ (7,646,291)	\$ 201,466,377
	Balance at July 1, 2022	Additions	Deductions	Transfers	Balance at June 30, 2023
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,893,571	\$ 17,375	\$ -	\$ -	\$ 1,910,946
Construction in progress	12,696,634	15,597,082	(4,827,683)	8,682,886	32,148,919
Total capital assets not being depreciated	14,590,205	15,614,457	(4,827,683)	8,682,886	34,059,865
Other capital assets:					
Buildings and utility infrastructure	325,143,978	4,917,355	(89,672)	-	329,971,661
Machinery, furniture and equipment	31,199,349	3,496,660	(3,992,090)	-	30,703,919
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	394,714,477	8,414,015	(4,081,762)	-	399,046,730
Less accumulated depreciation for:					
Buildings and utility infrastructure	154,225,153	7,872,263	-	-	162,097,416
Machinery, furniture and equipment	23,148,659	2,399,999	(3,992,089)	-	21,556,569
Water rights	10,852,004	386,000	-	-	11,238,004
Total accumulated depreciation	188,225,816	10,658,262	(3,992,089)	-	194,891,989
Other capital assets, net	206,488,661	(2,244,247)	(89,673)	-	204,154,741
Business-type activities capital assets, net	\$ 221,078,866	\$ 13,370,210	\$ (4,917,356)	\$ 8,682,886	\$ 238,214,606

Included in the business-type activities addition is \$8.4 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, 2022	Additions	Deductions	Balance at June 30, 2023
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	448,828	4,339,183	2,070,550	2,717,461
Total non-depreciable assets at historical cost	456,628	4,339,183	2,070,550	2,725,261
Depreciable:				
Runway s, ramps, and roads	32,923,464	34,975	-	32,958,439
Buildings and improvements	20,014,090	2,116,688	-	22,130,778
Equipment and fixtures	3,381,461	349,338	-	3,730,799
Furniture and equipment	166,152	-	-	166,152
Total depreciable assets at historical cost	56,485,167	2,501,001	-	58,986,168
Less accumulated depreciation				
Runway s, ramps, and roads	22,800,365	1,026,431	-	23,826,796
Buildings and improvements	4,976,706	404,163	-	5,380,869
Equipment and fixtures	2,752,581	141,805	-	2,894,386
Furniture and equipment	116,636	33,056	-	149,692
Total accumulated depreciation	30,646,288	1,605,455	-	32,251,743
Other capital assets, net	25,838,879	895,546	-	26,734,425
Net depreciable assets	\$ 26,295,507	\$ 5,234,729	\$ 2,070,550	\$ 29,459,686
Museum of the Great Plains Trust Authority				
Non-depreciable:				
Construction-in-progress	\$ 176,246	383,207	\$ 176,246	\$ 383,207
Depreciable:				
Furniture and equipment	\$ 370,296	\$ 85,145	\$ 1,261	\$ 454,180
Leasehold improvements	5,204,549	-	-	5,204,549
Collections and exhibits	1,099,593	2,240	-	1,101,833
Copy rights	3,000	-	-	3,000
Total depreciable assets at historical cost	6,677,438	87,385	1,261	6,763,562
Less accumulated depreciation				
Total accumulated depreciation	1,179,701	159,937	1,261	1,338,377
Net depreciable assets	\$ 5,497,737	\$ (72,552)	-	\$ 5,425,185
Net assets	\$ 5,673,983	\$ 310,655	176,246	\$ 5,808,392
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	\$ 244,109	-	134,453	\$ 109,656
McMahon Auditorium Authority				
Depreciable:				
Furniture and fixtures	\$ 292,316	\$ 26,949	\$ -	\$ 319,265
Buildings improvements	709,893	15,970	-	725,863
Machinery and equipment	81,280	16,574	-	97,854
Total depreciable assets at historical cost	1,083,489	59,493	-	1,142,982
Less accumulated depreciation				
Furniture and fixtures	135,040	38,752	-	173,792
Buildings improvements	192,037	43,258	-	235,295
Machinery and equipment	75,291	2,018	-	77,309
Total accumulated depreciation	402,368	84,028	-	486,396
Net depreciable assets	\$ 681,121	\$ (24,535)	\$ -	\$ 656,586
Net assets	\$ 681,121	\$ (24,535)	\$ -	\$ 656,586

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Lawton Metro Planning Organization

Machinery and equipment	\$ 17,674	\$ -	\$ -	\$ 17,674
Less accumulated depreciation	12,235	1,939	-	14,174
Net depreciable assets	<u>\$ 5,439</u>	<u>\$ (1,939)</u>	<u>\$ -</u>	<u>\$ 3,500</u>

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Non-depreciable:

Construction-in-progress	\$ 2,419,995	\$ -	\$ 2,396,745	\$ 23,250
Total non-depreciable assets at historical cost	<u>2,419,995</u>	<u>-</u>	<u>2,396,745</u>	<u>23,250</u>

Depreciable:

Buildings and improvements	115,359	7,739,773	-	7,855,132
Equipment and fixtures	14,052	16,778	-	30,830
Furniture and equipment	12,106	12,538	-	24,644
Total depreciable assets at historical cost	<u>141,517</u>	<u>7,769,089</u>	<u>\$ -</u>	<u>7,910,606</u>

Less accumulated depreciation

Buildings and improvements	2,415	83,202	-	85,617
Equipment and fixtures	3,248	3,046	-	6,294
Furniture and equipment	1,559	2,179	-	3,738
Total accumulated depreciation	<u>7,222</u>	<u>88,427</u>	<u>\$ -</u>	<u>95,649</u>

Other capital assets, net

	<u>134,295</u>	<u>7,680,662</u>	<u>\$ -</u>	<u>7,814,957</u>
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Net depreciable assets	<u>\$ 2,554,290</u>	<u>\$ 7,680,662</u>	<u>\$ 2,396,745</u>	<u>\$ 7,838,207</u>
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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General Government	\$ 2,764,023
Public Safety	1,710,441
Streets	4,227,187
Community Development	24,091
Culture and Recreation	250,634
Transportation	413,245
Sub-total governmental funds depreciation	<u>9,389,621</u>
Allocated Internal Service Fund Depreciation	93,607
Total	<u>\$ 9,483,228</u>

Business-Type Activities:

Water	\$ 5,334,983
Wastewater	3,103,951
Sanitation	2,219,328
Total depreciation	<u>\$ 10,658,262</u>

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2.D. Internal and Interfund Balances and Transfers

Internal Balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	Mass Transit	\$ 2,240,804	Negative cash
General Fund	2019 Capital Improvement	8,447,293	Negative cash
General Fund	Workers comp	1,568	Negative cash
TIF Fund	General Fund	124,075	Reimbursement
Total		<u>\$ 10,813,740</u>	

Reconciliation to Fund Financial Statements:	Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental Funds	\$ 10,813,740	\$ 10,812,172	\$ 1,568
Internal Service Funds	-	1,568	(1,568)
Total	<u>\$ 10,813,740</u>	<u>\$ 10,813,740</u>	<u>\$ -</u>

There is a receivable from LEDA to LURA of \$466,392 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, 2023, 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, 2023, LEDA owed the City \$992,195.

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, 2023, the LMPO owed the city \$253,185.

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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, 2023, were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
General Fund	Water Authority	\$ 7,095,797	Excess utility collections
General Fund	Water Authority	26,630,000	Operating subsidy
General Fund	Officer Training Fund	7,040	Transfer of revenues
General Fund	2019 CIP Fund	2,751,886	Project transfer
General Fund	2019 CIP Fund	250,000	Operating subsidy
Mass Transit	General Fund	846,540	Operating subsidy
LIDA	2016 CIP Fund	4,281,406	Debt service
LIDA	2015 CIP Fund	1,411,849	Debt service
2015 CIP Fund	2019 CIP Fund	6,106,615	Project transfer
Special Revenue Fund	General Fund	348,096	Operating subsidy
2016 CIP Fund	2019 CIP Fund	5,190,093	Project transfer
2016 CIP Fund	Water Authority	1,446,684	Project transfer
2019 CIP Fund	General Fund	2,435,133	Sales tax transfer
Capital Outlay Rolling Stock Fund	Water Authority	3,491,123	Revenue transfer
Emergency 911	General Fund	1,483,690	Operating subsidy
Emergency 911	Cellular Service Fee Fund	776,794	Operating subsidy
TIF Fund	General Fund	722,740	Sales tax transfer
Water Authority	Capital Outlay Rolling Stock Fund	315,291	Debt service
Water Authority	2019 CIP Fund	3,839,003	Project transfer
Water Authority	2015 CIP Fund	2,598,784	Debt service
Water Authority	Information Technology	1,430	Asset transfer
Group health	General Fund	1,574,989	Operating subsidy
Group health	Water Authority	2,173,000	Operating subsidy
		<u>\$ 75,777,983</u>	
Reconciliation to fund financial statements:		Transfers to	Transfers from
		Other Funds	Other Funds
Governmental Funds		\$ (34,939,949)	\$ 65,275,486
Enterprise Funds		(40,836,604)	6,754,508
Internal Service Funds		(1,430)	3,747,989
Totals		<u>\$ (75,777,983)</u>	<u>\$ 75,777,983</u>
Reconciliation to Statement of Activities:			Net
			Transfers
Net Transfers			\$ 34,082,096
Capital contributions transferred from governmental funds			(9,944,264)
Transfers - Internal Activity			<u>\$ 24,137,832</u>

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2.E. Long-Term Debt

For the year ended June 30, 2023, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Obligation</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 27,050,000	\$ 8,100,000	\$ 3,790,000	\$ 31,360,000	\$ 3,550,000
General Obligation Bond Premium	545,005	232,965	93,626	684,344	-
Revenue Notes (direct placement)	22,909,416	-	6,704,121	16,205,295	6,838,421
Judgments Payable (direct borrowing)	587,428	457,194	312,639	731,983	360,920
Notes Payable (direct borrowing)	3,129,650	-	358,106	2,771,544	300,175
Workers Comp Liability	449,925	79,382	-	529,307	264,654
Accrued Compensated Absences - city	9,040,725	173,242	-	9,213,967	1,101,069
Accrued Compensated Absences - internal service	124,195	10,545	-	134,740	16,101
Total Governmental Activities	<u>\$ 63,836,344</u>	<u>\$ 9,053,328</u>	<u>\$ 11,258,492</u>	<u>\$ 61,631,180</u>	<u>\$ 12,431,340</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				7,041,746	\$ -
Net Pension Liability				71,237,080	-
				<u>\$ 139,910,006</u>	<u>\$ 12,431,340</u>
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 20,878,710	\$ 9,813,852	\$ 530,758	\$ 30,161,804	\$ 584,898
Revenue Notes (direct placement)	7,610,583	-	2,590,879	5,019,704	2,651,579
Contracts Payable (direct borrowing)	21,885,445	-	1,835,535	20,049,910	1,735,847
Contract Premium	887,583	-	66,987	820,596	-
Accrued Compensated Absences	1,577,311	106,622	-	1,683,933	201,230
Deposits subject to refund	2,347,972	908,764	605,175	2,651,561	530,312
Workers Comp Liability	338,420	59,709	-	398,129	199,065
Landfill Closure and Post-closure	8,231,391	464,615	-	8,696,006	2,368,624
Total Business-Type Activities	<u>\$ 63,757,415</u>	<u>\$ 11,353,562</u>	<u>\$ 5,629,334</u>	<u>\$ 69,481,643</u>	<u>\$ 8,271,555</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				2,108,546	-
Net Pension Liability				13,042,551	-
				<u>\$ 84,632,740</u>	<u>\$ 8,271,555</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	\$980,000
\$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	4,900,000
\$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	7,340,000

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\$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	4,080,000
\$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	2,540,000
\$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	3,420,000
\$8,100,000 general obligation bonds dated December 1, 2022, payable in annual installments of \$900,000, with interest rates of 4.00% to 5.00%, repaid by property tax levies	<u>8,100,000</u>
 Total general obligation bonds	 \$31,360,000
Premium on bonds outstanding	<u>684,344</u>
Net general obligation bonds	<u>\$32,044,344</u>

Judgments Payable (direct borrowing):

Court-assessed judgments to be paid with ad valorem taxes	<u>\$731,983</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.	\$808,000
\$2,874,352 note payable for IT equipment, matures August 2032 with interest at 2.55%	<u>1,963,544</u>
Total note payable	<u>\$2,771,544</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.	\$2,120,295
\$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	

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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	2,485,000
\$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>11,600,000</u>
Total revenue notes	<u>\$16,205,295</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 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.	\$33,593
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.	12,699,000
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.	16,016,895
Series 2022 OWRB Clean Water CWA for \$72,200,000, interest at 3.29% plus a 0.5% administrative fee. Debt service payments are due March 15 and September 15 through March 2054. 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.	377,220
\$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)	

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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. 306,406

\$728,691 Note payable to Arvest Bank for the purchase of a landfill compactor, interest at 1.59%, payments due each August 1, through August 2025. 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. 728,690

Total Notes Payable \$30,161,804

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. \$1,715,000

\$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. 1,580,000

\$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. 1,724,704

Revenue Notes Payable \$5,019,704

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. \$409,473

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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. 6,482,715

\$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. 3,483,555

\$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. 9,674,167

Total Contracts Payable \$20,049,910

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
2024	\$ 3,550,000	\$ 1,016,445	\$ 300,175	\$ 69,835	\$ 360,920	\$ 46,078	\$ 6,838,421	\$ 309,116
2025	4,450,000	756,340	315,096	61,887	218,665	23,685	5,416,874	166,248
2026	4,470,000	640,412	329,254	53,485	152,398	10,103	3,950,000	65,471
2027	4,130,000	523,916	345,654	44,554	-	-	-	-
2028	4,130,000	49,602	362,303	35,089	-	-	-	-
2029-2033	10,630,000	665,312	1,119,062	57,321	-	-	-	-
2034-2035	-	-	-	-	-	-	-	-
Total	<u>\$ 31,360,000</u>	<u>\$ 3,652,027</u>	<u>\$ 2,771,544</u>	<u>\$ 322,171</u>	<u>\$ 731,983</u>	<u>\$ 79,866</u>	<u>\$ 16,205,295</u>	<u>\$ 540,835</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
2024	\$ 584,898	\$ 1,351,510	\$ 2,651,579	\$ 109,800	\$ 1,735,847	\$ 741,832
2025	6,153,090	7,286,072	1,443,125	45,496	1,789,077	691,444
2026	5,416,120	3,747,885	415,000	22,208	1,835,856	635,308
2027	4,437,760	3,609,264	425,000	10,935	1,900,219	571,116
2028	4,626,771	3,487,924	85,000	1,148	1,855,205	505,289
2098-2033	24,435,858	15,391,398	-	-	7,954,952	1,533,265
2034-2038	24,182,658	11,895,493	-	-	2,978,754	245,764
2039-2043	20,947,114	8,627,672	-	-	-	-
2044-2048	22,254,450	5,724,100	-	-	-	-
2049-2053	24,359,400	2,500,812	-	-	-	-
2054	3,531,000	88,786	-	-	-	-
Less amount not drawn	(110,767,315)	-	-	-	-	-
Total	<u>\$ 30,161,804</u>	<u>\$ 63,710,916</u>	<u>\$ 5,019,704</u>	<u>\$ 189,587</u>	<u>\$ 20,049,910</u>	<u>\$ 4,924,018</u>

Component Unit Notes Payable

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Amount due in one year</u>
Component Units:					
Lawton Metropolitan Area Airport Authority:					
Note payable (direct borrowing)	\$ 457,005	\$ 617,305	\$ 566,149	\$ 508,161	\$ 461,767
Total Debt	<u>\$ 457,005</u>	<u>\$ 617,305</u>	<u>\$ 566,149</u>	<u>\$ 508,161</u>	<u>\$ 461,767</u>
Lawton Economic Development Authority:					
Note payable (direct borrowing)	\$ 27,090,000	\$ -	\$ 1,370,000	\$ 25,720,000	\$ 1,410,000
Total Debt	<u>\$ 27,090,000</u>	<u>\$ -</u>	<u>\$ 1,370,000</u>	<u>\$ 25,720,000</u>	<u>\$ 1,410,000</u>
FISTA					
Note payable (direct borrowing)	\$ 17,270,000	\$ -	\$ 1,145,000	\$ 16,125,000	\$ 1,170,000
Total Debt	<u>\$ 17,270,000</u>	<u>\$ -</u>	<u>\$ 1,145,000</u>	<u>\$ 16,125,000</u>	<u>\$ 1,170,000</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 payments are due in March and September. In the event of default, the note is subject to redemption.

\$25,720,000

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Pledge of Future Revenues

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$1,020,000, \$1,819,430, \$1,310,000, \$12,705,000, \$47,000,000, \$5,000,000, and \$72,900,000 of the OWRB Series 2003C, 2003A, 2004E, 2018, 2022CW, 2022A, and 2022 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 2027, 2027, 2028, 2038, 2049, 2034, and 2053, respectively. The total principal and interest payable for the remainder of the life of these notes is \$203,572,580. The city has not drawn \$108,414,885 of principal on the notes. Net utility revenues received in the current year were \$34,533,616. Debt service payments of \$572,912 for the current fiscal year were 1.70% 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 \$8,696,006 reported as accrued landfill closure cost liability at June 30, 2023, represents the cumulative amount of such costs reported to date based on the use of 86.07% 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 \$1,407,591 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 2023. The City has \$818,964 set aside to fund the estimated landfill closure cost liability. At June 30, 2023, the landfill had a remaining estimated useful life of approximately 3.7 years.

2.F. Net Position and Fund Balances

At June 30, 2023, the City's governmental activities had a total restricted net position of \$46,196,882, of that amount \$2,198,606 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, 2023, the General Fund committed fund balance for stabilization of \$3,818,463.

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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	\$ 154,809	\$ -	\$ -	\$ -	\$ -	\$ -	154,809
Prepaid expenses	1,732	-	-	-	-	-	1,732
	<u>156,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,541</u>
Restricted For:							
Public safety training	\$ -	\$ -	\$ -	\$ -	\$ 809,718	\$ -	809,718
Debt service	-	-	-	-	3,691,971	-	3,691,971
Capital improvements	-	-	1,892,781	26,391,578	6,438,769	-	34,723,128
Drainage maintenance fund	-	-	-	-	1,202,101	-	1,202,101
Transportation programs	-	-	-	-	579,824	-	579,824
Culture and rec programs	-	-	-	-	1,521	-	1,521
Economic development	-	-	-	-	13,050,665	-	13,050,665
General government grants	-	-	-	-	2,262,968	-	2,262,968
Police - drug programs	-	-	-	-	202,702	-	202,702
Cemetery improvements	-	-	-	-	90,742	-	90,742
Sub-total restricted	<u>-</u>	<u>-</u>	<u>1,892,781</u>	<u>26,391,578</u>	<u>28,330,981</u>	<u>-</u>	<u>56,615,340</u>
Committed to:							
Grants	-	3,539,231	-	-	-	-	3,539,231
Stabilization	3,818,463	-	-	-	-	-	3,818,463
Sub-total committed	<u>3,818,463</u>	<u>3,539,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,357,694</u>
Assigned to:							
General government	265,474	-	-	-	-	-	265,474
Stormwater mitigation	469,685	-	-	-	-	-	469,685
Supplement next fiscal year budget	13,235,952	-	-	-	-	-	13,235,952
Capital improvements	-	-	-	-	11,891,719	-	11,891,719
Sub-total assigned	<u>13,971,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,891,719</u>	<u>-</u>	<u>25,862,830</u>
Unassigned (deficit):	29,735,914	-	-	-	-	-	29,735,914
TOTAL FUND BALANCE	<u>\$ 47,682,029</u>	<u>\$ 3,539,231</u>	<u>\$ 1,892,781</u>	<u>\$ 26,391,578</u>	<u>\$ 40,222,700</u>	<u>\$ -</u>	<u>\$ 119,728,319</u>

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.

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	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</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	788,344	339,998	1,128,342
Claims and changes in estimates	1,153,810	6,562,540	7,716,350
Claims payments	<u>(1,014,719)</u>	<u>(6,599,551)</u>	<u>(7,614,270)</u>
Claim liability, June 30, 2023	<u>\$ 927,435</u>	<u>\$ 302,987</u>	<u>\$ 1,230,422</u>

3.B. Retirement Plan Participation

The City of Lawton participates in four 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
4. City of Lawton Defined Contribution Plan Administered by OkMRF (the Plan)

Aggregate Pension Information for all plans was as follows:

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	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
Police	<u>\$ 2,893,137</u>	<u>\$ -</u>	<u>\$ 2,893,137</u>
Net Pension Liability:			
Employee Retirement System	29,158,990	13,042,551	42,201,541
Firefighters	<u>42,078,090</u>	<u>-</u>	<u>42,078,090</u>
	<u>71,237,080</u>	<u>13,042,551</u>	<u>84,279,631</u>
Deferred Outflows of Resources:			
Employee Retirement System	5,337,395	2,592,722	7,930,117
Police	6,124,697	-	6,124,697
Firefighters	<u>18,773,885</u>	<u>-</u>	<u>18,773,885</u>
	<u>30,235,977</u>	<u>2,592,722</u>	<u>32,828,699</u>
Deferred Inflows of Resources:			
Employee Retirement System	767,073	651,908	1,418,981
Police	1,700,196	-	1,700,196
Firefighters	<u>4,103,320</u>	<u>-</u>	<u>4,103,320</u>
	<u>6,570,589</u>	<u>651,908</u>	<u>7,222,497</u>
Pension Expense:			
Employee Retirement System	2,136,711	955,732	3,092,443
Police	440,636	-	440,636
Firefighters	<u>5,986,291</u>	<u>-</u>	<u>5,986,291</u>
	<u>\$ 8,563,638</u>	<u>\$ 955,732</u>	<u>\$ 9,519,370</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, 2023, 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, 2023, the City recognized \$1,150,237 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$11,502,312. Employee contributions for FY 2023 were \$724,649.

D. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022, 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	\$ 96,006,983	\$ 66,789,060	\$ 29,217,923
Charges for year:			
Service cost	1,304,295	-	1,304,295
Interest expense	6,496,917	-	6,496,917
Contributions - employer	-	2,218,871	(2,218,871)
Contributions - employee	-	813,285	(813,285)
Net investment income	-	(8,457,801)	8,457,801
Benefits paid	(7,292,048)	(7,292,048)	-
Change in assumptions	166,289	-	166,289
Difference between actual and expected experience	(431,818)	-	(431,818)
Plan administrative expenses	-	(22,290)	22,290
Net changes	\$ 243,635	\$ (12,739,983)	\$ 12,983,618
Balances at end of year	\$ 96,250,618	\$ 54,049,077	\$ 42,201,541

The City reported \$3,092,443 in pension expenses for the year ended June 30, 2023. At June 30, 2023, 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	\$ 32,424	\$ 930,018
Changes of assumptions	595,268	-
Net difference between projected and actual earnings on pension plan investments	4,288,230	-
Changes in proportion and differences between City contributions and proportionate share of contributions	836,452	488,963
City contributions subsequent to the measurement date	2,177,743	-
Total	\$ 7,930,117	\$ 1,418,981

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The \$2,177,743 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 year ended June 30, 2024. 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:

2024	\$	737,767
2025		649,687
2026		381,012
2027		2,564,927
2028		-
	\$	<u>4,333,393</u>

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

Measurement date	July 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Projected salary increases	4.25%
Mortality	Pub 2010 Gen mortality projected with MP-2021
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 weighing 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, 2022 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	\$ 52,743,991	\$ 42,201,541	\$ 33,308,084

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 matches 3.5% of employee contributions into the defined contribution plan and also contributes 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 \$1,259,451. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$3,680,186 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 \$3,296,207. 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, 2023, the City reported a liability of \$42,078,090 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 3.22% at June 30, 2022 which was a decrease from its proportion measured at June 30, 2021 of 2.32%.

For the year ended June 30, 2023, the City recognized pension expense of \$5,986,291. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual plan experience	\$ 5,401,694	\$ 212,421
Net difference between projected and actual earnings on pension plan investments	4,889,925	-
Change in assumptions	-	268,282
Employer change in proportion	7,116,842	3,390,611
Difference between proportionate share and City contributions during measurement period	105,973	232,006
City contributions subsequent to the measurement date	1,259,451	-
Total	<u>\$ 18,773,885</u>	<u>\$ 4,103,320</u>

The \$1,259,451 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:

2024	\$	2,989,635
2025		2,830,595
2026		2,162,393
2027		5,428,487
2028		3
	\$	<u>13,411,113</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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 weighing 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.80%
Domestic equity	42%	9.49%
International equity	20%	11.55%
Real estate	10%	8.48%
Other assets	8%	6.47%

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	\$ 54,220,847	\$ 42,078,090	\$ 31,921,242

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, 2023, contributions to the pension plan from the City were \$1,547,423. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,358,938 for FY 2023 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 \$1,437,621. 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, 2023, the City reported an asset of \$2,893,137 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset 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, 2022. Based upon this information, the City's proportion was 3.61% at June 30, 2023, which was an decrease of 2.46% from its proportion measured at June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$440,636. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,419,118	\$ 315,138
Changes of assumptions	100,724	-
Net difference between projected and actual earnings on pension plan investments	2,823,113	-
Employer change in proportion	63,533	1,217,458
Difference between proportionate share and City contributions during measurement period	170,786	167,600
City contributions subsequent to the measurement date	1,547,423	-
Total	<u>\$ 6,124,697</u>	<u>\$ 1,700,196</u>

In the year ending June 30, 2023, \$1,547,423 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 or an addition to the net pension asset 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:		
2024	\$	658,445
2025		(10,065)
2026		(989,363)
2027		3,229,200
2028		(11,139)
	\$	<u>2,877,078</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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 weighing 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, 2022, 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	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%
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)	\$ 8,382,276	\$ (2,893,137)	\$ (12,423,620)

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, 2023, totaled \$503,453. Contributions to the Plan for the year ended June 30, 2023, for employees and employer were \$372,608 and \$372,612, respectively, on a covered payroll of \$10,647,173. 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 reaches 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 the 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, 2023:

Active Employees	760
Inactive not yet receiving benefits	68
Inactive or beneficiaries receiving benefits	<u>20</u>
Total	<u>848</u>

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2022, which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2022, valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 4.09% based on the 20 year municipal bond yield from the S&P 20-yr GO 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	5.75%
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>\$ 12,433,736</u>
Changes for the Year:	
Service cost	1,006,653
Interest expense	290,312
Differences between expected and actual experience	(1,326,342)
Change of assumptions	(2,891,032)
Benefits paid	<u>(363,035)</u>
Net Changes	<u>(3,283,444)</u>
Balance, End of Year	<u>\$ 9,150,292</u>

The total liability of \$9,150,292 is allocated \$7,041,746 to governmental activities and \$2,108,546 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, 2021 to 4.09% at June 30, 2022 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, 2023, the City recognized OPEB expense benefit of (\$113,082). At June 30, 2023, 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	\$ -	\$ 5,078,035
Changes of assumptions	1,201,712	4,329,422
Changes in proportion	653,681	653,681
City contributions during measurement date	17,357	17,357
City benefit payments subsequent to the measurement date	321,563	-
Total	<u>\$ 2,194,313</u>	<u>\$ 10,078,495</u>

The \$321,563 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:

2024	\$ (1,410,047)
2025	(1,410,047)
2026	(1,307,716)
2027	(1,127,797)
2028	(893,570)
Thereafter	<u>(2,056,568)</u>
	<u>\$ (8,205,745)</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 (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
City's total OPEB liability	\$ 10,347,525	\$ 9,150,292	\$ 8,128,851

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 (4.70 percent decreasing to 3.55 percent) or 1-percentage-point higher (6.7 percent decreasing to 5.55 percent) than the current healthcare cost trend rates:

	1% Decrease 4.70% decreasing to 3.55%)	Current Healthcare Cost Trend Rates (5.70 % decreasing to 4.55%)	1% Increase (6.70% decreasing to 5.55%)
City's total OPEB liability	\$ 7,962,698	\$ 9,150,292	\$ 10,597,057

3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2023:

Street and bridge construction projects	\$	4,430,715
City hall renovations		40,446
McMahon Auditorium Addition and renovation		82,840

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 2023, 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, 2023, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

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, 2023, the city had \$19,016,000 available to issue.

In FY 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. During FY 2023 the city had drawn \$91,000 that was forgiven by the OWRB.

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.

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, 2023, unrestricted deficit of \$21,386,727 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.

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.

3.F. Subsequent Events

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.

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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 2033, 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, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 19,222,156	\$ 19,222,156	\$ 24,467,028	\$ 5,244,872
Resources (Inflows):				
Taxes and assessments	\$ 67,841,303	\$ 67,841,303	40,084,798	(27,756,505)
Fees, licenses and permits	1,892,440	1,892,440	1,760,276	(132,164)
Rentals and sales of property	85,970	85,970	610,062	524,092
Fines and forfeitures	1,844,894	1,844,894	1,954,019	109,125
Interest earned	15,340	15,340	1,642,430	1,627,090
Other sources	1,044,942	1,044,942	1,219,369	174,427
Intergovernmental	825,858	825,858	827,936	2,078
Grants	-	-	57,133	57,133
Total Resources (Inflows)	<u>73,550,747</u>	<u>73,550,747</u>	<u>48,156,023</u>	<u>(25,394,724)</u>
Amounts available for appropriation	<u>92,772,903</u>	<u>92,772,903</u>	<u>72,623,051</u>	<u>(20,149,852)</u>
Charges to Appropriations (Outflows):				
General Government	14,179,264	14,179,264	10,901,261	3,278,003
Public Safety	40,552,817	40,552,817	35,450,806	5,102,011
Streets	10,504,232	10,504,232	8,488,510	2,015,722
Culture and Recreation	9,229,554	9,229,554	6,962,009	2,267,545
Total Charges to Appropriations	<u>74,465,867</u>	<u>74,465,867</u>	<u>61,802,586</u>	<u>12,663,281</u>
Other financing sources (uses)				
Transfers from other funds	31,312,774	31,312,774	36,490,137	5,177,363
Transfers to other funds	(35,491,238)	(35,491,238)	(9,160,801)	26,330,437
Total other financing sources (uses)	<u>(4,178,464)</u>	<u>(4,178,464)</u>	<u>27,329,336</u>	<u>31,507,800</u>
Ending Budgetary Fund Balance	<u>\$ 14,128,572</u>	<u>\$ 14,128,572</u>	<u>\$ 38,149,801</u>	<u>\$ 24,021,229</u>

	FEDERAL GRANT			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 13,639,913	\$ 13,639,913	\$ 17,948,374	\$ 4,308,461
Resources (Inflows):				
Intergovernmental	1,067,000	1,067,000	454,499	(612,501)
Interest earned	100	100	155	55
Total Resources (Inflows)	<u>1,067,100</u>	<u>1,067,100</u>	<u>454,654</u>	<u>(612,446)</u>
Amounts available for appropriation	<u>14,707,013</u>	<u>14,707,013</u>	<u>18,403,028</u>	<u>3,696,015</u>
Charges to Appropriations (Outflows):				
General Government	9,200,000	14,929,843	4,475,024	10,454,819
Public Safety	150,750	143,356	133,636	9,720
Culture and Recreation	147,141	316,206	172,095	144,111
Total Charges to Appropriations	<u>9,497,891</u>	<u>15,389,405</u>	<u>4,780,755</u>	<u>10,608,650</u>
Ending Budgetary Fund Balance	<u>\$ 5,209,122</u>	<u>\$ (682,392)</u>	<u>\$ 13,622,273</u>	<u>\$ 14,304,665</u>

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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.
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the following schedule:

	GENERAL FUND		
	Fund Balance June 30, 2022	Net Change in Fund Balance	Fund Balance June 30, 2023
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 31,958,825	\$ 15,723,204	\$ 47,682,029
Increases (Decreases):			
Revenues:			
Taxes receivable	(6,527,186)	2,134,502	(4,392,684)
Accounts receivable	(6,680)	(20,349)	(27,029)
Accrued interest	(78)	(150)	(228)
Expenditures:			
Accrued payroll	2,085,596	126,301	2,211,897
Encumbrances	(1,955,052)	(998,993)	(2,954,045)
Other items	2,949,766	(2,766,283)	183,483
Accounts of the General Fund:			
Reserve Account	(3,467,607)	(350,856)	(3,818,463)
License and Permits Account	(75,847)	100	(75,747)
Municipal Court Account	(127,223)	150	(127,073)
Stormwater Mitigation	(284,413)	(185,272)	(469,685)
Fringe Benefit Account	(83,073)	20,419	(62,654)
Fund Balance - Budgetary Basis	<u>\$ 24,467,028</u>	<u>\$ 13,682,773</u>	<u>\$ 38,149,801</u>

	FEDERAL GRANT		
	Fund Balance June 30, 2022	Net Change in Fund Balance	Fund Balance June 30, 2023
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 3,160,681	\$ 378,550	\$ 3,539,231
Increases (Decreases):			
Revenues:			
Due from other governments	(34,302)	22,984	(11,318)
Expenditures:			
Accounts payroll	4,220	(4,220)	-
Unavailable revenue	14,801,114	(4,700,432)	10,100,682
Other items	16,661	(22,983)	(6,322)
Fund Balance - Budgetary Basis	<u>\$ 17,948,374</u>	<u>\$ (4,326,101)</u>	<u>\$ 13,622,273</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***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	3.6078%
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)	\$ (2,893,137)
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	\$ 11,044,990
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%	26.19%
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%	102.74%

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

Notes to Schedule:

*Only nine 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	2023
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	\$ 1,547,424
Contributions in relation to the statutorially required contribution	1,203,232	1,291,715	1,300,511	1,294,420	1,338,440	1,405,415	1,348,127	1,507,506	1,547,424
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,012	\$ 201,490	\$ (71,657)	\$ (0)
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	\$ 11,903,260
Contributions as a percentage of covered payroll	12.99%	13.00%	13.14%	13.00%	13.20%	11.37%	11.31%	13.65%	13.00%

Notes to Schedule:

*Only nine 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***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	2.929600%	3.069856%	3.065642%	3.108600%	2.842538%	2.978287%	2.640003%	2.321435%	3.217630%
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	\$ 42,078,090
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	\$ 9,247,757
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	402%	419%	462%	378%	421%	351%	159%	455%
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%	68.12%	69.49%

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

Notes to Schedule:

*Only nine 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***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 1,297,393
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>	<u>1,259,450</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>	<u>\$ 37,943</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	\$ 9,267,091
Contributions as a percentage of covered payroll	13.99%	14.00%	14.00%	14.00%	15.01%	12.84%	12.96%	13.38%	13.59%

Notes to Schedule:

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

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City Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios

Last Nine Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 1,304,295
Interest	5,130,919	5,344,966	5,404,379	5,597,236	5,855,694	6,002,422	6,284,828	6,407,110	6,496,917
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)	(431,818)
Changes of assumptions	-	-	-	-	-	1,736,113	-	-	166,289
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)	(7,292,048)
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>1,086,844</u>	<u>243,635</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>	<u>96,006,983</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>\$ 96,006,983</u>	<u>\$ 96,250,618</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	\$ 2,218,871
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	813,285
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	(8,457,801)
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)	(7,292,048)
Administrative expense	(26,618)	(19,940)	(31,020)	(29,686)	(26,409)	(40,208)	(42,101)	(22,182)	(22,290)
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>	<u>(12,739,983)</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>	<u>66,789,060</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>	<u>\$ 54,049,077</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>\$ 29,217,925</u>	<u>\$ 42,201,541</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%	56.15%
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	\$ 12,090,650
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%	349.04%

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

Notes to Schedule:

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

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City Retirement Plan, (continued)

Schedule of Employer Contributions	Fiscal Year				
	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 3,751,903	\$ 2,840,682	\$ 3,665,355	\$ 3,665,807	\$ 3,586,534
Contributions in relation to the actuarially determined contribution	1,150,237	2,267,225	2,160,861	1,936,534	1,996,777
Contribution deficiency (excess)	<u>\$ 2,601,666</u>	<u>\$ 573,457</u>	<u>\$ 1,504,494</u>	<u>\$ 1,729,273</u>	<u>\$ 1,589,757</u>
Covered employee payroll	\$ 11,502,312	\$ 12,090,650	\$ 13,070,842	\$ 15,656,197	\$ 18,753,645
Contributions as a percentage of covered-employee payroll	10.00%	18.75%	16.53%	12.37%	10.65%
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,590,720	\$ 3,669,120	\$ 3,271,543	\$ 3,179,977	\$ 3,225,198
Contributions in relation to the actuarially determined contribution	2,077,166	2,095,587	2,068,439	2,021,594	2,144,569
Contribution deficiency (excess)	<u>\$ 1,513,554</u>	<u>\$ 1,573,533</u>	<u>\$ 1,203,104</u>	<u>\$ 1,158,383</u>	<u>\$ 1,080,629</u>
Covered employee payroll	\$ 19,955,716	\$ 20,903,375	\$ 20,580,295	\$ 20,593,547	\$ 21,615,172
Contributions as a percentage of covered-employee payroll	10.41%	10.03%	10.05%	9.82%	9.92%

Notes to Schedule:

Latest Valuation Date: July 1, 2022

Actuarially determined contribution rate is calculated as of July 1, 2022
July 2022 through June 2023 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-2021 (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	Year Ended June 30, 2023
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%	-13.12%

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	2023
Total OPEB Liability						
Service cost	\$ 966,960	\$ 818,936	\$ 785,299	\$ 972,405	\$ 1,123,352	\$ 1,006,653
Interest	448,307	596,936	553,876	522,915	318,695	290,312
Differences between expected and actual experience	-	(1,148,166)	(949,085)	(2,998,326)	(1,130,078)	(1,326,342)
Changes of assumptions	(1,293,119)	(1,904,496)	592,401	1,306,463	(761,904)	(2,891,032)
Benefit payments	(856,164)	(691,731)	(541,188)	(474,278)	(413,545)	(363,035)
Net (decrease) in total OPEB liability	(734,016)	(2,328,521)	441,303	(670,821)	(863,480)	(3,283,444)
Balances at Beginning of Year	16,589,271	15,855,255	13,526,734	13,968,037	13,297,216	12,433,736
Balances End of Year	\$ 15,855,255	\$ 13,526,734	\$ 13,968,037	\$ 13,297,216	\$ 12,433,736	\$ 9,150,292
Covered employee payroll	\$ 37,800,000	\$ 38,143,000	\$ 39,157,000	\$ 40,262,000	\$ 38,270,000	\$ 38,774,000
Total OPEB liability as a percentage of covered-employee payroll	41.95%	35.46%	35.67%	33.03%	32.49%	23.60%

Notes to Schedule:

Ten years of trend information 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% 6/30/21
	Increased from 2.16% 6/30/21 to 4.09% 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
	Decreased from 5.80% 6/30/22 to 5.55% 6/30/23
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

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Combining Balance Sheet – General Fund-June 30, 2023

	General Fund	Emergency Account	License and Permits	Municipal Court Trust	Stormwater Mitigation	Fringe Benefit	Total General Fund
ASSETS							
Cash and cash equivalents	\$ 29,934,671	\$ 3,288,591	\$ 86,197	\$ 159,889	\$ 441,123	\$ 77,588	\$ 33,988,059
Investments	259,764	529,150	-	40,000	-	-	828,914
Receivables:							
Accounts receivable	27,029	-	-	-	24,382	-	51,411
Accrued interest receivable	228	722	-	-	-	-	950
Due from other funds	10,689,665	-	-	-	-	-	10,689,665
Due from other accounts	5,957	-	-	-	-	-	5,957
Due from other governments	4,392,684	-	-	-	8,650	-	4,401,334
Lease receivable	111,105	-	-	-	-	-	111,105
Inventory	154,809	-	-	-	-	-	154,809
Prepaid items	1,732	-	-	-	-	-	1,732
Total assets	<u>45,577,644</u>	<u>3,818,463</u>	<u>86,197</u>	<u>199,889</u>	<u>474,155</u>	<u>77,588</u>	<u>50,233,936</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	2,211,897	-	10,450	66,859	4,470	691	2,294,367
Due to other funds	124,075	-	-	-	-	-	124,075
Due to other accounts	-	-	-	5,957	-	-	5,957
Total liabilities	<u>2,335,972</u>	<u>-</u>	<u>10,450</u>	<u>72,816</u>	<u>4,470</u>	<u>691</u>	<u>2,424,399</u>
DEFERRED INFLOWS OF RESOURCES							
Leases	<u>113,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,243</u>	<u>127,508</u>
Fund balances:							
Nonspendable	156,541	-	-	-	-	-	156,541
Committed	-	3,818,463	-	-	-	-	3,818,463
Assigned	13,235,952	-	75,747	127,073	469,685	62,654	13,971,111
Unassigned	29,735,914	-	-	-	-	-	29,735,914
Total fund balances	<u>43,128,407</u>	<u>3,818,463</u>	<u>75,747</u>	<u>127,073</u>	<u>469,685</u>	<u>62,654</u>	<u>47,682,029</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 45,577,644</u>	<u>\$ 3,818,463</u>	<u>\$ 86,197</u>	<u>\$ 199,889</u>	<u>\$ 474,155</u>	<u>\$ 77,588</u>	<u>\$ 50,233,936</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2023

	<u>General Fund</u>	<u>Emergency Account</u>	<u>License and Permits</u>	<u>Municipal Court Trust</u>	<u>Stormwater Mitigation</u>	<u>Fringe Benefit</u>	<u>Total General Fund</u>
REVENUES							
Taxes	\$ 37,375,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,375,673
Intergovernmental	6,478,851	-	-	-	-	-	6,478,851
Charges for services	882,834	-	-	-	-	-	882,834
Fines and forfeitures	1,968,602	-	-	-	-	-	1,968,602
Licenses and permits	1,417,280	-	-	-	-	-	1,417,280
Investment income	1,643,198	100,856	-	5,699	-	-	1,749,753
Miscellaneous	1,275,955	-	-	-	530,927	218,698	2,025,580
Total revenues	<u>51,042,393</u>	<u>100,856</u>	<u>-</u>	<u>5,699</u>	<u>530,927</u>	<u>218,698</u>	<u>51,898,573</u>
EXPENDITURES							
Current:							
General government	8,907,986	-	100	-	-	239,117	9,147,203
Public safety	39,139,396	-	-	-	-	-	39,139,396
Public works and streets	8,566,711	-	-	-	345,655	-	8,912,366
Culture and recreation	6,990,317	-	-	-	-	-	6,990,317
Community development	2,170,105	-	-	-	-	-	2,170,105
Capital Outlay	485,725	-	-	-	-	-	485,725
Debt Service:							
Principal retirement	175,484	-	-	-	-	-	175,484
Interest and fiscal charges	53,297	-	-	-	-	-	53,297
Total expenditures	<u>66,489,021</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>345,655</u>	<u>239,117</u>	<u>67,073,893</u>
Excess (deficiency) of revenues over expenditures	<u>(15,446,628)</u>	<u>100,856</u>	<u>(100)</u>	<u>5,699</u>	<u>185,272</u>	<u>(20,419)</u>	<u>(15,175,320)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	36,484,723	250,000	-	-	-	-	36,734,723
Transfers out	(7,411,188)	-	-	-	-	-	(7,411,188)
Transfers in - interaccount	5,849	-	-	-	-	-	5,849
Transfers out - interaccount	-	-	-	(5,849)	-	-	(5,849)
Total other financing sources and uses	<u>29,079,384</u>	<u>250,000</u>	<u>-</u>	<u>(5,849)</u>	<u>-</u>	<u>-</u>	<u>29,323,535</u>
Net change in fund balances	13,632,756	350,856	(100)	(150)	185,272	(20,419)	14,148,215
Fund balances - beginning	29,495,651	3,467,607	75,847	127,223	284,413	83,073	33,533,814
Fund balances - ending	<u>\$ 43,128,407</u>	<u>\$ 3,818,463</u>	<u>\$ 75,747</u>	<u>\$ 127,073</u>	<u>\$ 469,685</u>	<u>\$ 62,654</u>	<u>\$ 47,682,029</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023

	SPECIAL REVENUE FUNDS						
	CDBG	SPECIAL REVENUE FUND	NARCOTICS FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY
ASSETS							
Cash and cash equivalents	\$ 867,702	\$ 1,826,352	\$ 203,500	\$ 801,009	\$ 90,742	\$ 100,913	\$ 1,191
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	338,953	-	-	8,675	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	13,559	-	-	-	-	-	-
Total assets	<u>\$ 1,220,214</u>	<u>\$ 1,826,352</u>	<u>\$ 203,500</u>	<u>\$ 809,684</u>	<u>\$ 90,742</u>	<u>\$ 100,913</u>	<u>\$ 1,191</u>
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 34,811	\$ 409,834	\$ 798	\$ 47,866	\$ -	\$ 53,013	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>34,811</u>	<u>409,834</u>	<u>798</u>	<u>47,866</u>	<u>-</u>	<u>53,013</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	<u>338,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	846,450	1,416,518	202,702	761,818	90,742	47,900	1,191
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>846,450</u>	<u>1,416,518</u>	<u>202,702</u>	<u>761,818</u>	<u>90,742</u>	<u>47,900</u>	<u>1,191</u>
Total liabilities and fund balances	<u>\$ 1,220,214</u>	<u>\$ 1,826,352</u>	<u>\$ 203,500</u>	<u>\$ 809,684</u>	<u>\$ 90,742</u>	<u>\$ 100,913</u>	<u>\$ 1,191</u>

(continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023, (Continued)

	SPECIAL REVENUE FUNDS								DEBT SERVICE FUND
	TIF FUND	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY	HOTEL/MOTEL TAX FUND	MASS TRANSIT FUND	WATER SYSTEM IMPACT FEES	CELLULAR SERVICE FEE FUND	PRIOR 1972
ASSETS									
Cash and cash equivalents	\$ 56,590	\$ 1,521	\$ 1,067,099	\$ 10,473,357	\$ 1,805,046	\$ -	\$ 370,012	\$ 1,931,710	\$ 3,656,650
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts receivable	-	-	147,745	-	255,829	19	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	1,106,519	-	-	-	-
Due from other funds	124,075	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	2,834,558	-	-	35,321
Total assets	<u>\$ 180,665</u>	<u>\$ 1,521</u>	<u>\$ 1,214,844</u>	<u>\$ 10,473,357</u>	<u>\$ 3,167,394</u>	<u>\$ 2,834,577</u>	<u>\$ 370,012</u>	<u>\$ 1,931,710</u>	<u>\$ 3,691,971</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 180,665	\$ -	\$ 12,743	\$ -	\$ 486,560	\$ 15,140	\$ -	\$ 2,877	\$ -
Due to other funds	-	-	-	-	-	2,240,804	-	-	-
Total liabilities	<u>180,665</u>	<u>-</u>	<u>12,743</u>	<u>-</u>	<u>486,560</u>	<u>2,255,944</u>	<u>-</u>	<u>2,877</u>	<u>-</u>
Deferred Inflows:									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	-	1,521	1,202,101	10,473,357	2,680,834	578,633	370,012	1,928,833	3,691,971
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>1,521</u>	<u>1,202,101</u>	<u>10,473,357</u>	<u>2,680,834</u>	<u>578,633</u>	<u>370,012</u>	<u>1,928,833</u>	<u>3,691,971</u>
Total liabilities and fund balances	<u>\$ 180,665</u>	<u>\$ 1,521</u>	<u>\$ 1,214,844</u>	<u>\$ 10,473,357</u>	<u>\$ 3,167,394</u>	<u>\$ 2,834,577</u>	<u>\$ 370,012</u>	<u>\$ 1,931,710</u>	<u>\$ 3,691,971</u>

(continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023, (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	\$ 591,644	\$ 2,859,242	\$ 6,379,792	\$ 1,086,513	\$ 162,309	\$ 888,717	\$ 271,257	\$ 35,492,868
Investments	2,491,016	252,463	-	-	-	-	-	2,743,479
Receivables:								
Accounts receivable	-	88,399	-	-	-	-	-	839,620
Accrued interest receivable	6,238	33	-	-	-	-	-	6,271
Advance to component unit	-	553,179	-	-	-	-	-	1,659,698
Due from other funds	-	-	-	-	-	-	-	124,075
Due from other governments	-	24,460	-	-	-	-	527,656	3,435,554
Total assets	<u>\$ 3,088,898</u>	<u>\$ 3,777,776</u>	<u>\$ 6,379,792</u>	<u>\$ 1,086,513</u>	<u>\$ 162,309</u>	<u>\$ 888,717</u>	<u>\$ 798,913</u>	<u>\$ 44,301,565</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 8,133	\$ 100,984	\$ -	\$ -	\$ -	\$ -	\$ 1,353,424
Due to other funds	-	-	-	-	-	-	-	2,240,804
Total liabilities	<u>-</u>	<u>8,133</u>	<u>100,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,594,228</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	338,953
Fund balances:								
Restricted	3,088,898	-	-	-	162,309	888,717	-	28,434,507
Assigned	-	3,769,643	6,278,808	1,086,513	-	-	798,913	11,933,877
Total fund balances	<u>3,088,898</u>	<u>3,769,643</u>	<u>6,278,808</u>	<u>1,086,513</u>	<u>162,309</u>	<u>888,717</u>	<u>798,913</u>	<u>40,368,384</u>
Total liabilities and fund balances	<u>\$ 3,088,898</u>	<u>\$ 3,777,776</u>	<u>\$ 6,379,792</u>	<u>\$ 1,086,513</u>	<u>\$ 162,309</u>	<u>\$ 888,717</u>	<u>\$ 798,913</u>	<u>\$ 44,301,565</u>

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Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS						
	CDBG	SPECIAL REVENUE FUND	NARCOTICS FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY
REVENUES							
Taxes	\$ -	\$ 469,058	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,468,576	441	-	163,009	-	-	-
Charges for services	-	25,790	-	-	17,536	-	-
Licenses and permits	-	48,413	-	-	-	-	-
Fines and forfeitures	-	463,712	-	-	-	-	-
Investment income	6,485	-	-	-	-	-	-
Miscellaneous	72,819	83,351	39,636	719,405	-	-	-
Total revenues	1,547,880	1,090,765	39,636	882,414	17,536	-	-
EXPENDITURES							
Current:							
General government	-	-	-	-	139,058	-	-
Public safety	-	75,518	41,805	2,530,195	-	-	-
Public works and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	1,133,929	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	1,496,739	28,000	73,785	-	-	-
Debt Service							
Principal	110,000	-	-	72,621	-	-	-
Interest and fiscal charges	24,036	-	-	1,808	-	-	-
Total expenditures	1,267,965	1,572,257	69,805	2,678,409	139,058	-	-
Excess (deficiency) of revenues over expenditures	279,915	(481,492)	(30,169)	(1,795,995)	(121,522)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	348,096	-	2,260,484	-	-	-
Transfers out	-	-	-	-	-	(7,040)	-
Total other financing sources (uses)	-	348,096	-	2,260,484	-	(7,040)	-
Net change in fund balances	279,915	(133,396)	(30,169)	464,489	(121,522)	(7,040)	-
Fund balances - beginning	566,535	1,549,914	232,871	297,329	212,264	54,940	1,191
Fund balances - ending	\$ 846,450	\$ 1,416,518	\$ 202,702	\$ 761,818	\$ 90,742	\$ 47,900	\$ 1,191

(continued)

CITY OF LAWTON, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023, (Continued)

	SPECIAL REVENUE FUNDS								DEBT SERVICE FUND
	TIF FUND	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY	HOTEL/MOTEL TAX FUND	MASS TRANSIT FUND	WATER SYSTEM IMPACT FEES	CELLULAR SERVICE FEE FUND	PRIOR TO 1972
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,974,065	\$ -	\$ -	\$ -	\$ 4,898,643
Intergovernmental	-	-	-	-	-	2,305,327	-	-	-
Charges for services	-	-	-	-	-	214,161	-	1,111,381	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	1,004,326	-	-	-	-	-	-
Investment earnings	-	-	-	82,396	3,062	-	-	-	-
Miscellaneous	-	-	-	-	112,486	3,000	-	-	-
Total revenues	-	-	1,004,326	82,396	2,089,613	2,522,488	-	1,111,381	4,898,643
EXPENDITURES									
Current:									
General government	722,740	-	-	-	-	-	-	395,727	-
Public safety	-	-	-	-	-	-	-	-	-
Public works and streets	-	-	874,976	-	-	-	220,000	-	-
Culture and recreation	-	-	-	-	1,975,188	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	3,131,097	-	-	-
Capital Outlay	-	-	-	-	-	-	-	18,479	-
Debt Service									
Principal	-	-	-	5,320,000	-	-	-	-	4,102,638
Interest and fiscal charges	-	-	-	391,554	-	-	-	-	663,846
Total expenditures	722,740	-	874,976	5,711,554	1,975,188	3,131,097	220,000	414,206	4,766,484
Excess (deficiency) of revenues over expenditures	(722,740)	-	129,350	(5,629,158)	114,425	(608,609)	(220,000)	697,175	132,159
OTHER FINANCING SOURCES (USES)									
Transfers in	722,740	-	-	5,693,255	-	846,540	-	-	-
Transfers out	-	-	-	-	-	-	-	(776,794)	-
Total other financing sources and uses	722,740	-	-	5,693,255	-	846,540	-	(776,794)	-
Net change in fund balances	-	-	129,350	64,097	114,425	237,931	(220,000)	(79,619)	132,159
Fund balances -beginning	-	1,521	1,072,751	10,409,260	2,566,409	340,702	590,012	2,008,452	3,559,812
Fund balances -ending	\$ -	\$ 1,521	\$ 1,202,101	\$ 10,473,357	\$ 2,680,834	\$ 578,633	\$ 370,012	\$ 1,928,833	\$ 3,691,971
									(continued)

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CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2023, (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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,341,766
Intergovernmental	-	191,855	429,300	-	-	-	527,656	5,086,164
Charges for services	-	187,667	-	-	-	-	-	1,556,535
Licenses and permits	-	-	-	-	-	-	-	48,413
Fines and forfeitures	-	-	-	-	-	-	-	1,468,038
Investment earnings	71,305	1,448	-	-	12,224	65,338	1	242,259
Miscellaneous	-	169,508	39,262	-	-	-	-	1,239,467
Total revenues	71,305	550,478	468,562	-	12,224	65,338	527,657	16,982,642
EXPENDITURES								
Current:								
General government	-	216,766	-	-	-	-	-	1,474,291
Public safety	-	-	-	-	-	-	-	2,647,518
Public works and streets	-	-	-	-	-	-	-	1,094,976
Culture and recreation	-	-	-	-	-	-	-	1,975,188
Community development	-	-	-	-	-	-	-	1,133,929
Transportation	-	-	-	-	-	-	-	3,131,097
Capital Outlay	-	242,647	2,922,357	-	16,538	2,875	-	4,801,420
Debt Service								
Principal	-	-	214,134	-	-	-	1,384,121	11,203,514
Interest and fiscal charges	-	-	-	-	-	-	62,563	1,143,807
Total expenditures	-	459,413	3,136,491	-	16,538	2,875	1,446,684	28,605,740
Excess (deficiency) of revenues over expenditures	71,305	91,065	(2,667,929)	-	(4,314)	62,463	(919,027)	(11,623,098)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	3,491,123	6,106,615	-	-	6,636,777	26,105,630
Transfers out	-	-	(315,291)	(4,010,633)	-	-	(4,281,406)	(9,391,164)
Total other financing sources and uses	-	-	3,175,832	2,095,982	-	-	2,355,371	16,714,466
Net change in fund balances	71,305	91,065	507,903	2,095,982	(4,314)	62,463	1,436,344	5,091,368
Fund balances - beginning	3,017,593	3,678,578	5,770,905	(1,009,469)	166,623	826,254	(637,431)	35,277,016
Fund balances - ending	\$ 3,088,898	\$ 3,769,643	\$ 6,278,808	\$ 1,086,513	\$ 162,309	\$ 888,717	\$ 798,913	\$ 40,368,384

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts – June 30, 2023

	Enterprise Fund					
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Landfill Financial Assurance	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,310,627	\$ -	\$ 3,623,997	\$ 8,143,187	\$ 134,791	\$ 18,212,602
Cash and cash equivalents, restricted	-	335,045	1,158,602	1,827,985	162,959	3,484,591
Investments	2,544,250	-	838,503	-	521,214	3,903,967
Investments, restricted	-	-	962,647	-	-	962,647
Accounts receivable, net	-	-	381,623	9,971,335	-	10,352,958
Interest receivable	10,158	-	922	-	199	11,279
Due from other governments	-	-	69,604	-	-	69,604
Leases receivable	-	-	-	502,646	-	502,646
Total current assets	8,865,035	335,045	7,035,898	20,445,153	819,163	37,500,294
Non-current assets:						
Cash and cash equivalents, restricted	-	-	-	1,992,261	-	1,992,261
Land and construction in progress	-	-	34,059,865	-	-	34,059,865
Other capital assets, net	1,930,396	-	175,091,200	27,133,145	-	204,154,741
Total non-current assets	1,930,396	-	209,151,065	29,125,406	-	240,206,867
Total assets	10,795,431	335,045	216,186,963	49,570,559	819,163	277,707,161
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to pension	471,971	-	2,120,751	-	-	2,592,722
Deferred amounts related to OPEB	-	-	833,146	-	-	833,146
Deferred amount on refunding	-	-	-	1,142,448	-	1,142,448
Total deferred outflow of resources	471,971	-	2,953,897	1,142,448	-	4,568,316
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	538,187	-	692,741	5,297,211	-	6,528,139
Accrued interest payable	-	-	-	139,976	-	139,976
Accrued compensated absences	42,868	-	158,362	-	-	201,230
Landfill post closure liability	-	-	2,368,624	-	-	2,368,624
Contract payable - Waruka note	-	-	-	1,735,847	-	1,735,847
Worker's compensation liability	-	-	199,065	-	-	199,065
Deposits subject to refund	-	-	530,312	-	-	530,312
Notes payable	-	-	549,305	35,593	-	584,898
Revenue bonds payable	-	-	-	2,651,579	-	2,651,579
Total current liabilities	581,055	-	4,498,409	9,860,206	-	14,939,670
Non-current liabilities:						
Accrued compensated absences	315,863	-	1,166,840	-	-	1,482,703
Landfill post closure liability	-	-	6,327,382	-	-	6,327,382
Contract payable - Waruka note	-	-	-	19,134,659	-	19,134,659
Worker's compensation liability	-	-	199,064	-	-	199,064
Deposits subject to refund	-	-	2,121,249	-	-	2,121,249
Total OPEB liability	-	-	2,108,546	-	-	2,108,546
Notes payable	-	-	485,794	29,091,112	-	29,576,906
Revenue bond payable, net	-	-	-	2,368,125	-	2,368,125
Net pension liability	2,189,100	-	10,853,451	-	-	13,042,551
Total non-current liabilities	2,504,963	-	23,262,326	50,593,896	-	76,361,185
Total liabilities	3,086,018	-	27,760,735	60,454,102	-	91,300,855
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to pensions	132,492	-	519,416	-	-	651,908
Deferred amounts related to OPEB	-	-	2,356,713	-	-	2,356,713
Deferred amounts related to leases	-	-	-	491,043	-	491,043
Total deferred inflow of resources	132,492	-	2,876,129	491,043	-	3,499,664
NET POSITION						
Net investment in capital assets	1,930,396	-	208,115,966	(21,265,504)	-	188,780,858
Restricted for debt service	-	335,045	-	1,764,158	-	2,099,203
Restricted for landfill financial assurance	-	-	-	-	162,959	162,959
Unrestricted (deficit)	6,118,496	-	(19,611,970)	9,269,208	656,204	(3,568,062)
Total net position	\$ 8,048,892	\$ 335,045	\$ 188,503,996	\$ (10,232,138)	\$ 819,163	\$ 187,474,958

CITY OF LAWTON, OKLAHOMA
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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, 2023**

	Enterprise Fund					
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Landfill Financial Assurance	Total
REVENUES						
Charges for services	\$ -	\$ -	\$ 4,321,923	\$ 52,862,499	\$ -	\$ 57,184,422
Other sources	-	-	2,290	186,111	-	188,401
Operating grants	-	-	20,000	-	-	20,000
Total operating revenues	-	-	4,344,213	53,048,610	-	57,392,823
OPERATING EXPENSES						
Public works operations	1,629,487	-	19,747,891	1,305,478	650	22,683,506
Depreciation expense	481,237	-	9,791,025	386,000	-	10,658,262
Landfill closure expense	-	-	464,615	-	-	464,615
Total operating expenses	2,110,724	-	30,003,531	1,691,478	650	33,806,383
Operating income (loss)	(2,110,724)	-	(25,659,318)	51,357,132	(650)	23,586,440
NON-OPERATING REVENUES (EXPENSES)						
Investment income	54,998	-	51,299	199,761	2,856	308,914
Interest expense and fiscal charges	-	-	(501,316)	(788,551)	-	(1,289,867)
Gain (loss) on asset retirement	15,500	-	-	-	-	15,500
Other non-operating revenue	5,600	-	102,458	18,727	-	126,785
Total non-operating revenue (expenses)	76,098	-	(347,559)	(570,063)	2,856	(838,668)
Income (loss) before contributions and transfers	(2,034,626)	-	(26,006,877)	50,787,069	2,206	22,747,772
Capital Contributions from governmental activities	47,911	-	9,896,353	-	-	9,944,264
Interaccount transfers in	1,412,960	1,121,077	62,881,441	12,356,007	-	77,771,485
Interaccount transfers out	(13,004,364)	(1,724,762)	(1,852,735)	(61,189,624)	-	(77,771,485)
Transfers in	3,839,003	-	316,721	2,598,784	-	6,754,508
Transfers out	-	-	(35,898,797)	(4,937,807)	-	(40,836,604)
Change in net position	(9,739,116)	(603,685)	9,336,106	(385,571)	2,206	(1,390,060)
Total net position - beginning	17,788,008	938,730	179,167,890	(9,846,567)	816,957	188,865,018
Total net position - ending	\$ 8,048,892	\$ 335,045	\$ 188,503,996	\$ (10,232,138)	\$ 819,163	\$ 187,474,958

CITY OF LAWTON, OKLAHOMA
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Combining Cash Flow Statement – Lawton Water Authority (LWA) Enterprise Fund Accounts – Year ended June 30, 2023

	Enterprise Fund					Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Landfill Financial Assurance	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 5,600	\$ -	\$ 4,703,274	\$ 51,403,724	\$ -	\$ 56,112,598
Payments to suppliers	-	-	(8,646,673)	3,991,733	(650)	(4,655,590)
Payments to employees	634,370	-	(10,885,978)	-	-	(10,251,608)
Receipts of customer meter deposits	(1,830,683)	-	908,764	-	-	(921,919)
Refunds of customer meter deposits	-	-	(605,175)	-	-	(605,175)
Net cash provided by (used in) operating activities	(1,190,713)	-	(14,525,788)	55,395,457	(650)	39,678,306
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	3,839,003	-	316,721	2,598,784	-	6,754,508
Transfers to other funds	-	-	(35,898,797)	(4,937,807)	-	(40,836,604)
Interaccount transfer in	1,412,960	1,121,077	47,064,638	12,356,007	-	61,954,682
Interaccount transfer out	(8,795,711)	(1,724,762)	(1,852,735)	(49,581,474)	-	(61,954,682)
Principal paid on debt	-	-	-	(4,659,398)	-	(4,659,398)
Interest and fiscal agent fees paid on debt	-	-	-	(748,778)	-	(748,778)
Net cash provided by (used in) noncapital financing activities	(3,543,748)	(603,685)	9,629,827	(44,972,666)	-	(39,490,272)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(5,068,721)	-	(1,171,709)	(11,608,150)	-	(17,848,579)
Principal paid on debt	-	-	(297,775)	-	-	(297,775)
Proceeds from debt	-	-	728,691	9,085,163	-	9,813,854
Interest and fiscal agent fees paid on debt	-	-	(501,316)	-	-	(501,316)
Net cash provided by (used in) capital and related financing activities	(5,068,721)	-	(1,242,108)	(2,522,987)	-	(8,833,816)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (Purchase) of investments	(487,683)	-	25,122	-	3,131	(459,430)
Interest and dividends	46,218	-	59,352	199,761	2,856	308,187
Net cash provided by (used in) investing activities	(441,465)	-	84,474	199,761	5,987	(151,243)
Net increase (decrease) in cash and cash equivalents	(10,244,647)	(603,685)	(6,053,395)	8,099,565	5,337	(8,797,025)
Balances - beginning of year	16,555,274	938,790	10,836,194	3,863,868	292,413	32,486,479
Balances - end of year	\$ 6,310,627	\$ 335,045	\$ 4,782,599	\$ 11,963,433	\$ 297,750	\$ 23,689,454
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 6,310,627	\$ -	\$ 3,623,997	\$ 8,143,187	\$ 134,791	\$ 18,212,602
Restricted cash and cash equivalents - current	-	335,045	1,158,602	1,827,985	162,959	3,484,591
Restricted cash and cash equivalents - noncurrent	-	-	-	1,992,261	-	1,992,261
Total cash and cash equivalents, end of year	\$ 6,310,627	\$ 335,045	\$ 4,782,599	\$ 11,963,433	\$ 297,750	\$ 23,689,454
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (2,110,724)	\$ -	\$ (25,659,318)	\$ 51,357,132	\$ (650)	\$ 23,586,440
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	481,237	-	9,791,025	386,000	-	10,658,262
Other nonoperating revenue	5,600	-	102,458	18,727	-	126,785
Change in assets and liabilities:						
Receivables, net	-	-	(161,023)	(1,656,014)	-	(1,817,037)
Due from other governments	-	-	417,626	-	-	417,626
Lease receivable	-	-	-	52,719	-	52,719
Deferred outflows related to pension	(188,430)	-	(823,624)	-	-	(1,012,054)
Deferred outflows related to OPEB	-	-	139,161	-	-	139,161
Accounts payable	408,919	-	172,253	5,297,211	-	5,878,383
Deposits subject to refund	-	-	303,589	-	-	303,589
Due to employees	(60,492)	-	(270,440)	-	-	(330,932)
Claims liability	-	-	59,709	-	-	59,709
Landfill closure liability	-	-	464,615	-	-	464,615
Total OPEB liability	-	-	(818,619)	-	-	(818,619)
Net pension liability	706,353	-	3,286,176	-	-	3,992,529
Accrued compensated absences	36,202	-	70,420	-	-	106,622
Deferred inflows related to leases	-	-	-	(60,318)	-	(60,318)
Deferred inflows related to OPEB	-	-	617,631	-	-	617,631
Deferred inflows related to pension	(469,378)	-	(2,217,427)	-	-	(2,686,805)
Net cash provided by (used in) operating activities	(1,190,713)	-	(14,525,788)	55,395,457	(650)	39,678,306
Noncash activities:						
Asset contributed by others	\$ 63,411	\$ -	\$ 9,807,783	\$ -	\$ -	\$ 9,961,194
	\$ 63,411	\$ -	\$ 9,807,783	\$ -	\$ -	\$ 9,961,194

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Combining Statement of Net Position – Internal Service Funds – June 30, 2023

	Internal Service Funds			
	Group Health Insurance	Worker's Comp	Information Technology Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,402,959	\$ 902	\$ -	\$ 2,403,861
Other receivable	-	-	92	92
Total current assets	<u>2,402,959</u>	<u>902</u>	<u>92</u>	<u>2,403,953</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	9,075,145	9,075,145
Other capital assets, net	-	-	446,433	446,433
Total non-current assets	<u>-</u>	<u>-</u>	<u>9,521,578</u>	<u>9,521,578</u>
Total assets	<u>2,402,959</u>	<u>902</u>	<u>9,521,670</u>	<u>11,925,531</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	38,420	-	197,801	236,221
Due to other funds	-	1,568	-	1,568
Accrued compensated absences	-	-	16,101	16,101
Total current liabilities	<u>38,420</u>	<u>1,568</u>	<u>213,902</u>	<u>253,890</u>
Non-current liabilities:				
Accrued compensated absences	-	-	118,639	118,639
Claims liability	302,987	-	-	302,987
Total non-current liabilities	<u>302,987</u>	<u>-</u>	<u>118,639</u>	<u>421,626</u>
Total liabilities	<u>341,407</u>	<u>1,568</u>	<u>332,541</u>	<u>675,516</u>
NET POSITION				
Net investment in capital assets	-	-	9,521,578	9,521,578
Unrestricted (deficit)	2,061,552	(666)	(332,449)	1,728,437
Total net position	<u>\$ 2,061,552</u>	<u>\$ (666)</u>	<u>\$ 9,189,129</u>	<u>\$ 11,250,015</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2023

	Internal Service Funds			
	Group Health Insurance	Worker's Comp	Information Technology Fund	Total
REVENUES				
Charges for services	\$ 6,529,678	\$ -	\$ 2,065,248	\$ 8,594,926
Total operating revenues	<u>6,529,678</u>	<u>-</u>	<u>2,065,248</u>	<u>8,594,926</u>
OPERATING EXPENSES				
General government and claims	6,562,373	(4,431)	-	6,557,942
Computer service operations	-	-	2,082,216	2,082,216
Depreciation expense	-	-	93,607	93,607
Total operating expenses	<u>6,562,373</u>	<u>(4,431)</u>	<u>2,175,823</u>	<u>8,733,765</u>
Operating income (loss)	<u>(32,695)</u>	<u>4,431</u>	<u>(110,575)</u>	<u>(138,839)</u>
NON-OPERATING REVENUES (EXPENSES)				
Other non-operating revenue	1,343	-	511	1,854
Capital assets purchased for governmental activities	-	-	(3,857)	(3,857)
Total non-operating revenues	<u>1,343</u>	<u>-</u>	<u>(3,346)</u>	<u>(2,003)</u>
Income (loss) before contributions and transfers	<u>(31,352)</u>	<u>4,431</u>	<u>(113,921)</u>	<u>(140,842)</u>
Capital Contributions from governmental activities	-	-	756,750	756,750
Transfers in	3,747,989	-	-	3,747,989
Transfers out	-	-	(1,430)	(1,430)
Change in net position	<u>3,716,637</u>	<u>4,431</u>	<u>641,399</u>	<u>4,362,467</u>
Total net position - beginning	(1,655,085)	(5,097)	8,547,730	6,887,548
Total net position - ending	<u>\$ 2,061,552</u>	<u>\$ (666)</u>	<u>\$ 9,189,129</u>	<u>\$ 11,250,015</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2023

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 6,531,876	\$ -	\$ 2,065,667	\$ 8,597,543
Payments to suppliers	2,911	-	(939,488)	(936,577)
Payments to employees	-	-	(1,024,705)	(1,024,705)
Payments from other funds	-	934	(11,990)	(11,056)
Claims and benefits paid	(6,564,040)	-	-	(6,564,040)
Net Cash Provided by (used in) Operating Activities	(29,253)	934	89,484	61,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	2,173,000	-	-	2,173,000
Net Cash Provided by Non-Capital Financing Activities	2,173,000	-	-	2,173,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(84,197)	(84,197)
Capital assets purchased for other funds	-	-	(5,287)	(5,287)
Net cash provided by (used in) capital and related financing activities	-	-	(89,484)	(89,484)
Net Increase (Decrease) in Cash and Cash Equivalents	2,143,747	934	-	2,144,681
Balances - beginning of the year	259,212	(32)	-	259,180
Balances - end of the year	\$ 2,402,959	\$ 902	\$ -	\$ 2,403,861
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 2,402,959	\$ 902	\$ -	\$ 2,403,861
Total cash and cash equivalents	\$ 2,402,959	\$ 902	\$ -	\$ 2,403,861
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (32,695)	\$ 4,431	\$ (110,575)	\$ (138,839)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	93,607	93,607
Other miscellaneous revenue	1,343	-	511	1,854
Change in assets and liabilities:				
Receivables, net	855	-	(92)	763
Accounts payable	38,255	(4,431)	107,478	141,302
Due to other funds	-	934	(11,990)	(11,056)
Accrued compensated absences	-	-	10,545	10,545
Claims liability	(37,011)	-	-	(37,011)
Net Cash Provided by (used in) Operating Activities	(29,253)	934	89,484	61,165
Noncash activities:				
Non cash transfer	\$ 1,574,989	\$ -	\$ -	\$ 1,574,989
Assets contributed by others	-	-	756,750	756,750
	\$ 1,574,989	\$ -	\$ 756,750	\$ 2,331,739



City of Lawton

Single Audit Reports

Year Ended June 30, 2023



City of Lawton
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Year Ended June 30, 2023

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City of Lawton
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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>					
<i>Economic Development Cluster</i>					
Economic Adjustment Assistance	11.307		08-79-05456	\$ -	\$ 1,111,158
<i>Total Economic Development Cluster</i>					1,111,158
Total U.S. Department of Commerce				-	1,111,158
<u>U.S. Department of Housing and Urban Development</u>					
<i>CDBG – Entitlement Grants Cluster</i>					
Community Development Block Grants/Entitlement Grants	14.218		B-17-MC-40-0001	-	15,243
	14.218		B-18-MC-40-0001	-	30,184
	14.218		B-19-MC-40-0001	-	15,840
	14.218		B-20-MC-40-0001	-	219,542
	14.218		B-21-MC-40-0001	-	363,948
	14.218		B-22-MC-40-0001	-	330,571
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		B-20-MW-40-0001 CARES	-	4,721
<i>Total CDBG – Entitlement Grants Cluster</i>				-	980,049
Home Investment Partnerships Program	14.239		M-16-MC-40-0201	-	59,710
	14.239		M-17-MC-40-0201	-	2,640
	14.239		M-18-MC-40-0201	-	1,605
	14.239		M-19-MC-40-0201	-	221,044
	14.239		M-20-MC-40-0201	-	211,846
				-	496,845
Total U.S. Department of Housing and Urban Development				-	1,476,894
<u>U.S. Department of Justice</u>					
Edward Brynes Memorial Justice Assistance Grant Program	16.738		2020-DJ-BX-0465	-	1,833
	16.738		15PBJA-21-GG-01747-JAGX	-	11,497
	16.738		15PBJA-22-GG-02330-JAGX	-	71,884
Total U.S. Department of Justice				-	85,214
<u>U.S. Department of the Treasury</u>					
State of Oklahoma/Coronavirus State and Local Fiscal	21.027	CSLFRF - CARES		-	4,700,432
Total Department of the Treasury				-	4,700,432
<u>U.S. Federal Highway Administration</u>					
<i>Highway Safety Cluster</i>					
Oklahoma Highway Safety Department/ State and Community Highway Safety	20.600	AL-22-03-01-19		-	13,558
	20.600	SE-22-03-01-19		-	10,600
	20.600	PT-23-3-18-20		-	62,723
<i>Total Highway Safety Cluster</i>				-	86,881
Total U.S. Federal Highway Administration				-	86,881

City of Lawton
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(Continued)

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	\$ -	\$ 574,602
COVID-19/Federal Transit – Formula Grants	20.507		OK-2020-018-00	-	3,438
Federal Transit – Formula Grants	20.507		OK-2023-033-00	-	1,461,850
<i>Total Federal Transit Cluster</i>				-	2,039,890
Total U.S. Department of Transportation				-	2,039,890
<u>National Endowment for the Humanities (NEH)</u>					
Oklahoma Department of Libraries					
Grants to States	45.310	F-23-077		-	6,963
	45.310	400-21A		-	2,424
Total National Endowment for the Humanities (NEH)				-	9,387
<u>U.S. Department of Labor</u>					
<i>WIOA Cluster</i>					
Oklahoma Department of Commerce/ WIOA Adult Program	17.258	F-23-182		-	20,070
<i>Total WIOA Cluster</i>				-	20,070
Total U.S. Department of Labor				-	20,070
<u>Corporation for National and Community Service</u>					
Retired and Senior Volunteer Program	94.002		22SRGOK04	-	50,000
Total Corporation for National and Community Service				-	50,000
<u>U. S. Department of Homeland Security</u>					
Oklahoma Office of Homeland Security/State Homeland Security Program (SHSP)					
	97.073	1240.015		-	47
	97.073	1240.015		-	3,850
	97.073	1340.015		-	371
	97.073	1340.015		-	441
	97.073	1340.015		-	46,327
Homeland Security Grant Program	97.067	1255.032		-	48,716
				-	99,752
Total U.S. Department of Homeland Security				-	99,752
<u>Federal Emergency Management Agency</u>					
Hazard Mitigation Grant	97.039		PW4315022	-	527,656
National Dam Safety Program	97.041		EMW-12021-GR-00165	-	47,534
Total Federal Emergency Management Agency				-	575,190
Total Expenditures of Federal Awards				\$ -	\$ 10,254,868

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 (City) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, 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.

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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 22, 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, the Lawton Youth Sports Trust Authority, 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 2023-001 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 Mazars, LLP

Rogers, Arkansas
November 22, 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 (City) 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, 2023. 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 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 \$3,415,975 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2023. 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 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 22, 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
December 13, 2024, except for the paragraph on the
Schedule of Expenditures of Federal Awards,
which is November 22, 2024**

City of Lawton
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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
7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
11.307	Economic Development Cluster
21.027	Coronavirus State and Local Fiscal Recovery 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
2023-001	<p data-bbox="370 443 1455 499">Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p data-bbox="370 531 1455 835">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 data-bbox="370 867 1455 924">Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties</p> <p data-bbox="370 955 1455 1045">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 data-bbox="370 1077 1455 1167">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 data-bbox="370 1199 1455 1444">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 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 data-bbox="370 1476 1455 1745">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>

Section III – Federal Audit Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Lawton
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

Reference Number	Finding	Status
2022-001	<p>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>The City still has segregation issues but has continued to change and update their procedures and segregation of duties. 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>	Partially Corrected