

LAWTON URBAN RENEWAL AUTHORITY
A Component Unit of the City of Lawton
(an Oklahoma Public Trust)
Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
The Lawton Urban Renewal Authority
Lawton, Oklahoma

Opinion

I have audited the accompanying financial statements of Lawton Urban Renewal Authority (LURA), which comprise the statement of net position as of June 30, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of Lawton Urban Renewal Authority as of June 30, 2022 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lawton Urban Renewal Authority and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 Lawton Urban Renewal Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Lawton Urban Renewal Authority'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lawton Urban Renewal Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Matters

The Lawton Urban Renewal Authority has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2022, on my consideration of Lawton Urban Renewal Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Lawton Urban Renewal Authority's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
October 12, 2022

LAWTON URBAN RENEWAL AUTHORITY

A Component Unit of the City of Lawton

(an Oklahoma Public Trust)

Statement of Net Position

As of June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents \$ 13,326

Total Current Assets \$ 13,326

Longterm Assets

Receivable from LEDA 568,658

Land 244,109

Total Longterm Assets 812,767

TOTAL ASSETS \$ 826,093

LIABILITIES AND NET POSITION

Current Liabilities \$ -

Longterm Liabilities

Payable to City of Lawton \$ 102,266

Total Longterm Liabilities 102,266

Total Liabilities 102,266

Net Position

Net Investment in Capital Assets 244,109

Unrestricted Net Position 479,718

TOTAL NET POSITION \$ 723,827

See notes to the financial statements.

LAWTON URBAN RENEWAL AUTHORITY
A Component Unit of the City of Lawton
(an Oklahoma Public Trust)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ending June 30, 2022

Operating Revenues

Earnest Money (Non Refundable)	\$	6,000
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Operating Expenses

Professional Fees	\$	3,800	
Mowing Expense		8,320	
Insurance		529	
Bank Charges		20	
			12,669
Operating Income (Loss)			(6,669)

Non - Operating Revenues

Interest Income		2	
Total Non - Operating Revenues			2

Change in Net Position	(6,667)
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<u>Net Position Beginning of Year</u>	730,494
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Change in Net Position	(6,667)
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<u>Net Position End of Year</u>	\$ 723,827
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See notes to the financial statements.

LAWTON URBAN RENEWAL AUTHORITY

A Component Unit of the City of Lawton
(an Oklahoma Public Trust)

Statement of Cash Flow
For the Year Ending June 30, 2022

Cash Flows from Operating Activities

Earnest Money	\$ 6,000
Cash Paid for Expenses	<u>(14,749)</u>

Net Cash Provided (Used) by Operating Activities	\$ (8,749)
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Cash Flows from Investing Activities

Interest Income	<u>2</u>
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Net Cash Provided (Used) by Investing Activities	<u>2</u>
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<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(8,747)
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<u>Cash and Cash Equivalents - June 30, 2021</u>	<u>22,073</u>
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<u>Cash and Cash Equivalents - June 30, 2022</u>	<u>\$ 13,326</u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$ (6,669)
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Changes in Asset and Liabilities

Decrease Accounts Payable	<u>(2,080)</u>
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Net Cash Provided by Operating Activities	<u>\$ (8,749)</u>
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See notes to the financial statements.

LAWTON URBAN RENEWAL AUTHORITY
A Component Unit of City of Lawton
(an Oklahoma Public Trust)

Notes to Financial Statements

1. Organization

The Lawton Urban Renewal Authority (LURA) was created by a vote of the qualified voters of the City of Lawton, in an election March 20, 1962. The purpose of the Lawton Urban Renewal Authority is rehabilitation, conservation, and redevelopment of blighted areas within the corporate limits of the City of Lawton. This Authority is required to have an annual audit in accordance with Oklahoma Statute title 60 section 80.2. It is considered a component-unit of the City of Lawton as defined by Government Accounting Standards.

2. Summary of Significant Accounting Policies

This report is prepared in conformity with U.S. Generally accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows.

Basis of Accounting – The Authority is considered a proprietary component-unit of the City of Lawton. The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Net Position is a statement of financial activities related to the current reporting period.

Government –wide Financial Statements -- The adopted GASB Statements require that the overall financial condition of the Authority be displayed in three entity-wide financial statements. These are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These include all financial activity of the Authority.

LAWTON URBAN RENEWAL AUTHORITY

A Component Unit of City of Lawton
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Notes to Financial Statements

GASB Statement No. 34 requires that the Statement of Net Position classify Net Position into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

Net Investment in Capital Assets -- This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the Net Position component as the unspent proceeds.

Restricted Net Position -- This component of Net Position consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position -- This component of Net Position consists of those Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and Net Position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents -- the Authority considers all highly liquid debt instruments with original maturities of 90 days or less to be cash equivalents. Cash balances are maintained at one financial institution.

Investments -- All investments are recorded at fair value.

LAWTON URBAN RENEWAL AUTHORITY

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Notes to Financial Statements

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year are recorded as additions to fixed assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method and a five year life.

Receivable from LEDA -- The accounts receivable from LEDA which management has determined will not be collected within the year following the reporting period have been classified to "Receivable from LEDA". It is anticipated by management that these receivables will be collected as TIF funds are available.

Operating and Nonoperating Revenue and Expenses -- The proprietary fund financial statements distinguish operating revenues from nonoperating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the respective fund. Nonoperating revenues and expenses are all those that do not meet the criteria described previously.

Statements of Cash Flows -- In accordance with FASB Statement No. 95, *Statement of Cash Flows*, as amended by FASB Statement No. 117, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.

Income Tax Status -- the Authority qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

3. Deposits and Deposit Risk

The Lawton Urban Renewal Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2022 and reported at fair value, are as follows:

<u>Type</u>	<u>Carrying Value</u>
Demand deposits	\$ 13,326
Time deposits	<u>0</u>
	13,326
Investments	<u>0</u>
Total deposits & Investments	<u>\$ 13,326</u>

LAWTON URBAN RENEWAL AUTHORITY

A Component Unit of the City of Lawton
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Notes to Financial Statements

3. Deposits and Deposit Risk

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and cash equivalents at June 30, 2022 were \$ 13,326, which is below the FDIC limit.

Investment Interest Rate Risk – The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

4. Related Party Transactions

LURA is a public trust of which the City of Lawton is the beneficiary, as is the Lawton Economic Development Authority (LEDA). Pursuant to a pledge agreement dated April 27th, 2007, LURA acquired 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.

LAWTON URBAN RENEWAL AUTHORITY
A Component Unit of Comanche County
(an Oklahoma Public Trust)

Notes to Financial Statements

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

5. Capital Assets

During the year ended June 30, 2022, the following changes in capital assets occurred:

	<u>Balance</u> <u>06/30/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/22</u>
Business type activities:				
Capital assets, not being depreciated:				
Land and Building	\$ 244,109	\$ _____	\$ _____	\$ 244,109
Total capital assets, not being depreciated	\$ 244,109	\$ _____	\$ _____	\$ 244,109

6. Subsequent Events

The Authority has evaluated subsequent events through October 12, 2022 the date which the financial statements were available to be issued.

ROBERT D. TURNER C.P.A.

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

To Trustees of
The Lawton Urban Renewal Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and the related statements of revenues, expenses and changes in net position and cash flows of Lawton Urban Renewal Authority as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Lawton Urban Renewal Authority's basic financial statement and issued my report thereon dated October 12, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lawton Urban Renewal Authority's control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawton Urban Renewal Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lawton Urban Renewal Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations,

during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert D. Turner

Robert D. Turner, C.P.A.
October 12, 2022