

Annual Financial Statements and Independent Auditor's Report

For Fiscal Year Ended June 30, 2019

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, 2019**

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Independent Auditor's Report

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

We have audited the accompanying 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 (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lawton Urban Renewal Authority, the Lawton Metropolitan Area Airport Authority, the Lawton Arts and Humanities Council, the McMahon Auditorium Authority, the Museum of the Great Plains Trust Authority, and the Lawton Metropolitan Planning Organization, which represent 87%, 550% and 70% of the assets, 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, included in the aggregate remaining fund information of the City, which represents 52%, 56% and 17% of the assets, net position and revenues/additions, 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 above listed discretely presented component units and the City Employees Retirement Trust Fund, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information (combining schedules and debt service coverage schedule) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Honorable Mayor and Members
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The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Rogers, Arkansas
March 3, 2020

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**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

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, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the City's total net position increased by \$17.1 million or 6.56% from the prior year.
- During the year, the City's expenses for governmental activities were \$78.9 million and were funded by program revenues of \$15.8 million and further funded with taxes and other general revenues, including transfers in, that totaled \$83.5 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$14.9 million.
- Sales and use taxes increased by \$2.1 million or 4.5% over the prior fiscal year.
- At June 30, 2019, the General Fund reported an unassigned fund balance of \$9.2 million.
- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$2.9 million or 5.22%, while expenditures were under final appropriations by \$1.2 million or 2.31%.
- The City and the Lawton Water Authority issued new debt totaling \$16.8 million excluding judgments payable. The debt was issued to provide funding for capital improvements for public safety and water improvements.

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, 2019**

The City's Financial Reporting Entity

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

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

Primary Government:

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

Blended Component Units:

- **Lawton Water Authority (LWA)** – public trust that operates the water, wastewater, and sanitation services of the City. The Trust is reported as an enterprise fund.
- **City Transit Trust** – public trust that operates and maintains public transportation systems and facilities. The Trust is reported as the Special Revenue Mass Transit Fund.
- **Lawton Urban Homesteading Agency** – public trust created to purchase and maintain property, buildings and facilities to upgrade neighborhood areas in accordance with the Urban Homesteading Program of the City. The Agency is reported as the Special Revenue Lawton Urban Homestead Fund.
- **Lawton Parking Authority (inactive)** – public trust created to operate and maintain public parking systems and facilities. The Authority is reported as the Special Revenue Lawton Parking Authority Fund.
- **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.
- **Lawton Arts and Humanities Council** – public trust that operates to encourage and promote knowledge of the fine arts and humanities.
- **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.

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- **Lawton Economic Development Authority (LEDA)** – public trust created to promote economic development within the Lawton area.
- **Lawton Metropolitan Planning Organization (LMPO)**– public trust created to coordinate planning and development of transportation activities within the Lawton Metropolitan area.
- **Lawton Enhancement Trust Authority (LETA)** – public trust created to beautify and aesthetically enhance the appearance of the City of Lawton.
- **Lawton Urban Renewal Authority (LURA)** – public trust created to administer approved urban renewal projects within the City of Lawton.

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

Using This Annual Report

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

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

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

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, Lawton Arts and Humanities Council, McMahon Auditorium Authority, Museum of the Great Plains Trust Authority, Lawton Economic Development Authority, Lawton Enhancement Trust Authority, Lawton Urban Renewal Authority, and Lawton Metropolitan Planning Organization.

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 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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

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 others 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 \$278 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.)
	2019	2018		2019	2018		2019	2018	
Current assets	\$ 88,821	\$ 87,309	2%	\$ 22,312	\$ 16,137	38%	\$ 111,133	\$ 103,446	7%
Capital assets, net	152,849	137,092	11%	218,370	222,339	-2%	371,219	359,431	3%
Other noncurrent assets	1,497	-	100%	4,242	12,215	-65%	5,739	12,215	-53%
Total assets	243,167	224,401	8%	244,924	250,691	-2%	488,091	475,092	3%
Deferred outflows	14,297	14,284	0%	2,895	3,260	-11%	17,192	17,544	-2%
Current liabilities	19,248	21,930	-12%	7,028	10,561	-33%	26,276	32,491	-19%
Noncurrent liabilities	122,528	128,211	-4%	65,098	65,635	-1%	187,626	193,846	-3%
Total liabilities	141,776	150,141	-6%	72,126	76,196	-5%	213,902	226,337	-5%
Deferred inflows	11,402	4,623	147%	1,817	646	181%	13,219	5,269	151%
Net position									
Net investment in capital assets	118,430	107,549	10%	179,288	186,970	-4%	297,718	294,519	1%
Restricted	27,698	25,471	9%	3,442	5,401	-36%	31,140	30,872	1%
Unrestricted (deficit)	(41,842)	(49,099)	15%	(8,854)	(15,262)	42%	(50,696)	(64,361)	21%
Total net position	\$ 104,286	\$ 83,921	24%	\$ 173,876	\$ 177,109	-2%	\$ 278,162	\$ 261,030	7%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2019, this net investment in capital assets amounted to \$297.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$31.1million 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 \$50.7 million, that when positive, may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

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

Governmental Activities:

Other noncurrent assets – Increase \$1.5 million (100%) due to a net pension asset being reported for police pension.

Deferred inflow – Increase of \$6.8 million (147%) due to an increase in deferred pension inflows.

Business-Type Activities:

Other noncurrent assets – Decreased by \$7.9 million (65%) due to the use of cash related to construction projects.

Deferred inflows – Increase of \$1.2 million (181%) due to an increase in deferred pension inflows.

Changes in Net Position

For the year ended June 30, 2019, net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues									
Charges for service	\$ 8,163	\$ 8,511	-4%	\$ 44,520	\$ 43,817	2%	\$ 52,683	\$ 52,328	1%
Operating grants and contributions	7,272	6,459	13%	338	-	100%	7,610	6,459	18%
Capital grants and contributions	388	3,223	-88%	351	926	-62%	739	4,149	-82%
General revenues:									
Sales and use taxes	49,984	47,853	4%	-	-	-	49,984	47,853	4%
Other taxes and intergovernmental revenues	11,514	8,658	33%	-	-	-	11,514	8,658	33%
Investment income	2,006	1,038	93%	187	109	72%	2,193	1,147	91%
Miscellaneous	1,461	1,259	16%	225	214	5%	1,686	1,473	14%
Total revenues	80,788	77,001	5%	45,621	45,066	1%	126,409	122,067	4%
Expenses									
General government	19,251	18,551	4%	-	-	-	19,251	18,551	4%
Public safety	34,735	38,204	-9%	-	-	-	34,735	38,204	-9%
Streets	9,047	8,227	10%	-	-	-	9,047	8,227	10%
Education	2,500	2,500	-	-	-	-	2,500	2,500	-
Transportation	2,757	2,409	14%	-	-	-	2,757	2,409	14%
Culture and recreation	8,324	7,796	7%	-	-	-	8,324	7,796	7%
Community/economic development	828	833	-1%	-	-	-	828	833	-1%
Interest	1,506	1,694	-11%	-	-	-	1,506	1,694	-11%
Water	-	-	-	8,982	10,337	-13%	8,982	10,337	-13%
Wastewater	-	-	-	15,016	12,385	21%	15,016	12,385	21%
Sanitation	-	-	-	6,331	6,925	-9%	6,331	6,925	-9%
Total expenses	78,948	80,214	-2%	30,329	29,647	2%	109,277	109,861	1%
Excess (deficiency) before transfers	1,840	(3,213)	-157%	15,292	15,419	-1%	17,132	12,206	40%
Transfers	18,525	(1,834)	1110%	(18,525)	1,834	-1110%	-	-	-
Change in net position	20,365	(5,047)	-504%	(3,233)	17,253	-119%	17,132	12,206	40%

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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

Governmental Activities:

Capital grants and contributions – Decrease of \$2.8 million (88%) due to a decrease in infrastructure capital assets contributed by developers.

Other taxes and intergovernmental revenues – Increased \$2.9 million (33%) due to an increase in property tax collections due to an increase in mill levy from 6.30 to 13.35. The levy increase is for debt service on general obligation bonds.

Street function – the Net Revenues (expenses) over under program revenues increased from a negative \$4.9 million to a negative \$8.7 million due to the city receiving capital contributions of \$3.2 million in FY 2018 and only \$0.1 million in FY 19.

Transfers – Net increase of \$20.4 million (1110%) of transfers in due to an increase in transfers CIP for capital projects and operating subsidies. The largest increase is a transfer from the LIDA fund to 2015 CIP fund for a capital projects.

Business-Type Activities:

Wastewater expenses – increase of \$2.6 million (21%) due to an increase in repair and maintenance costs and electric costs.

Transfers – Net increase of \$20.4 million (1110%) of transfers in due to an increase in transfers for capital projects and operating subsidies. The increase is due to transfers from the CIP Funds to the Water Authority for projects and debt service.

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 particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions 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.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2019	2018		2019	2018	
General government	\$ 19,251	\$ 18,551	4%	\$ (12,779)	\$ (11,976)	7%
Public safety	34,735	38,204	-9%	(29,425)	(33,041)	-11%
Streets	9,047	8,227	10%	(8,693)	(4,976)	75%
Education	2,500	2,500	-	(2,500)	(2,500)	-
Transportation	2,757	2,409	14%	(731)	(725)	1%
Community/economic development	828	833	-1%	68	120	-43%
Culture, parks and recreation	8,324	7,796	7%	(7,559)	(7,228)	5%
Interest on long-term debt	1,506	1,694	-11%	(1,506)	(1,695)	-11%
Total	\$ 78,948	\$ 80,214	-2%	\$ (63,125)	\$ (62,021)	2%

For the year ended June 30, 2019 total expenses for governmental activities amounted to \$78.9 million a slight decrease 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.
	2019	2018		2019	2018	
Water	\$ 8,982	\$ 10,337	-13%	\$ 14,836	\$ 14,366	3%
Wastewater	15,016	12,385	21%	(4,841)	(2,664)	82%
Sanitation	6,331	6,925	-9%	4,885	3,395	44%
Total	\$ 30,329	\$ 29,647	2%	\$ 14,880	\$ 15,097	-1%

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

- Total business-type activities reported net revenues, before transfers, of \$14.9 million for the year ended June 30, 2019.
- Individual activities/services reported net revenue for the year ended June 30, 2019, with the exception of wastewater.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined total fund balance of \$80.2 million or a 3.87% increase from 2018. The proprietary funds reported combined total net position of \$173.9 million or a 1.83% decrease from 2018.

Other fund highlights include:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- For the year ended June 30, 2019, the General Fund's total fund balance increased by \$2.3 million or 13.4%.
- The 2015 CIP Fund's total fund balance increased by \$3.2 million or 167% due to an increase in transfers in from LIDA.
- The Lawton Industrial Development Authority fund balance decreased by \$16 million due to an increase in transfers out to reimburse the 2015 CIP Fund for construction cost from loan proceeds maintained in the fund.

General Fund Budgetary Highlights

- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$2.9 million or 5.22%, while expenditures were under final appropriations by \$1.2 million or 2.31%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had \$371 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 \$11.8 million or 3.3% over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4,891	\$ 3,889	\$ 1,893	\$ 1,893	6,784	\$ 5,782
Buildings and utility infrastructure	33,144	34,069	172,358	176,205	205,502	210,274
Machinery, furniture and equipment	9,737	56,833	6,784	7,192	16,521	64,025
Infrastructure	64,546	9,162	-	-	64,546	9,162
Water rights	-	-	28,815	29,199	28,815	29,199
Construction in progress	40,531	33,139	8,520	7,850	49,051	40,989
Totals	\$ 152,849	\$ 137,092	\$ 218,370	\$ 222,339	\$ 371,219	\$ 359,431

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

Long-Term Liabilities

At year-end, the City had \$124.3 million in long-term liabilities outstanding which represents a \$1.5 million or 1.3% decrease from the prior year. The decrease is due to the City issuing \$18.5 million of new debt and retiring \$20.1 million. The City's changes in long-term liabilities by type of debt are as follows:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019**

**TABLE 6
Long-Term Debt
(In Thousands)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accrued compensated absences	\$ 5,832	\$ 6,131	\$ 956	\$ 1,003	\$ 6,788	\$ 7,134
General obligation bonds	20,225	13,865	-	-	20,225	13,865
Debt premium	414	104	1,089	1,155	1,503	1,259
Worker's Compensation liability	713	855	456	547	1,169	1,402
Judgment payable	1,101	1,015	-	-	1,101	1,015
Revenue Bonds payable	33,342	38,059	14,958	20,925	48,300	58,984
Notes payable	1,216	1,305	5,578	1,326	6,794	2,631
Contracts payable	-	-	27,643	29,157	27,643	29,157
Capital lease obligations	3,615	3,937	-	-	3,615	3,937
Landfill Closure and Post-Closure	-	-	7,175	6,527	7,175	6,527
Totals	\$ 66,458	\$ 65,271	\$ 57,855	\$ 60,640	\$ 124,313	\$ 125,911

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 2019-2020

The City of Lawton has been very proactive in positioning the community for future success. The City is very aware of local economic issues, as well as the federal and state economic and budget issues. The City continues to adapt to the current economic climate and ensure that the citizens of Lawton receive the best possible service. The Regional Growth Management Plan adopted in 2008 had numerous recommendations regarding roadways, utilities, and public safety. Some of these projects have been completed and more are underway.

Because Lawton is an expanding municipality, the Council will always be challenged to grow revenues, as well as to try to locate new revenue sources. The City has not seen consistent growth in its revenues over the past three years. While sales tax revenues have been consistent, water revenues again continue to decline due to citizen conservation in addition to the loss of accounts.

In June 2012, the Council approved a Sales Tax Rebate Agreement between the Lawton Marketplace Inventors LP and the City of Lawton, Oklahoma, restricting retail sales beginning on January 1, 2014 and ending on December 31, 2018 or at such time that \$2.5 million dollars of the eligible sales taxes have been collected. This agreement ended during the 2018-19, fiscal year shifting those sales tax receipts back to the General Fund.

In August 2015, the Citizens of Lawton passed an eleven year, one hundred million dollar Sales Tax Extension to continue its roadway and utility projects and, also, a study to pursue alternative water sources to continue to diversify its overall water supply.

In January 2019, the Citizens of Lawton passed a proposed amendment to the 2016 Sales Tax Ordinance to re-appropriate approximately \$20,000,000 to be put towards IT systems and industrial development, while continuing to work on the alternative water resources project.

In February 2017, the Citizens of Lawton further approved a series of general obligation bonds in the amount of \$55,300,000 to be funded over a thirteen year period for improvements to the City's streets and

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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roadways. As of June 30, 2019, the city had issued \$14,300,000 of those GO Bonds. In December 2019, an additional \$6,300,000 in general obligation bonds were issued.

Furthermore, in December 2019, the Council approved the Skills Training, Education, Development and Investment (STEDI) Project plan to attract new non-retail business development, accelerate job growth, provide public improvements, and support STEM education and job training.

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
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Statement of Net Position– June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 67,564,770	\$ 9,318,263	\$ 76,883,033	\$ 2,159,903
Cash and cash equivalents, restricted current	-	3,684,593	3,684,593	158
Investments	9,989,239	496,085	10,485,324	1,135,280
Interest receivable	33,630	363	33,993	1,585
Accounts receivable, net	1,078,292	5,835,567	6,913,859	869,858
Inventory	197,518	-	197,518	99,899
Prepaid items	711	-	711	334,211
Taxes receivable	9,542,531	2,976,537	12,519,068	734,323
Other assets	-	-	-	5,727
Advance to component unit	414,322	-	414,322	-
Cash and cash equivalents, restricted noncurrent	-	4,242,370	4,242,370	2,276,370
Net pension asset	1,496,584	-	1,496,584	-
Land held for resale	-	-	-	2,654,679
Capital assets:				
Land and construction in progress	45,422,032	10,413,082	55,835,114	4,023,637
Other capital assets, net of depreciation	107,427,285	207,956,882	315,384,167	21,349,358
Total Assets	<u>243,166,914</u>	<u>244,923,742</u>	<u>488,090,656</u>	<u>35,644,988</u>
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	13,746,333	1,265,339	15,011,672	-
Deferred amount related to OPEB	550,991	114,045	665,036	-
Deferred amount on refunding	-	1,515,494	1,515,494	-
Total deferred outflows	<u>14,297,324</u>	<u>2,894,878</u>	<u>17,192,202</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	9,107,892	750,472	9,858,364	460,860
Accrued interest payable	1,081,332	242,291	1,323,623	547,075
Unearned revenue	-	-	-	306,645
Advance from primary government	-	-	-	414,322
Long-term liabilities:				
Due within one year	9,058,688	6,034,971	15,093,659	944,695
Due in more than one year	122,527,753	65,098,220	187,625,973	27,463,113
Total liabilities	<u>141,775,665</u>	<u>72,125,954</u>	<u>213,901,619</u>	<u>30,136,710</u>
DEFERRED INFLOWS:				
Deferred amounts related to pensions	8,334,190	923,747	9,257,937	-
Deferred amounts related to OPEB	3,067,948	893,321	3,961,269	-
Total deferred inflows	<u>11,402,138</u>	<u>1,817,068</u>	<u>13,219,206</u>	<u>-</u>
NET POSITION:				
Net investment in capital assets	118,429,583	179,287,720	297,717,303	25,328,233
Net Position:				
Restricted	27,698,213	3,442,302	31,140,515	3,487,251
Unrestricted (deficit)	<u>(41,841,361)</u>	<u>(8,854,424)</u>	<u>(50,695,785)</u>	<u>(23,307,206)</u>
Total net position	<u>\$ 104,286,435</u>	<u>\$ 173,875,598</u>	<u>\$ 278,162,033</u>	<u>\$ 5,508,278</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, 2019

Statement of Activities –Year Ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 19,250,612	\$ 6,056,772	\$ 413,765	\$ 1,359	\$ (12,778,716)	\$ -	\$ (12,778,716)	\$ -
Public Safety	34,735,437	1,113,513	4,106,750	89,788	(29,425,386)	-	(29,425,386)	-
Streets	9,046,782	43,592	175,628	135,002	(8,692,560)	-	(8,692,560)	-
Culture and recreation	8,323,435	497,316	105,359	161,725	(7,559,035)	-	(7,559,035)	-
Community development	827,563	46,614	848,916	-	67,967	-	67,967	-
Education	2,500,000	-	-	-	(2,500,000)	-	(2,500,000)	-
Transportation	2,757,392	405,582	1,621,097	-	(730,713)	-	(730,713)	-
Interest on long-term debt	1,506,270	-	-	-	(1,506,270)	-	(1,506,270)	-
Total governmental activities	78,947,491	8,163,389	7,271,515	387,874	(63,124,713)	-	(63,124,713)	-
Business-type activities:								
Water	8,981,543	23,708,062	-	109,150	-	14,835,669	14,835,669	-
Wastewater	15,015,849	9,595,045	337,546	241,792	-	(4,841,466)	(4,841,466)	-
Sanitation	6,330,809	11,216,451	-	-	-	4,885,642	4,885,642	-
Total business-type activities	30,328,201	44,519,558	337,546	350,942	-	14,879,845	14,879,845	-
Total primary government	109,275,692	52,682,947	7,609,061	738,816	(63,124,713)	14,879,845	(48,244,868)	-
Component Units:								
Airport	3,749,832	2,326,625	829,416	2,102,994	-	-	-	1,509,203
Culture and Recreation	1,383,657	331,435	1,193,077	-	-	-	-	140,855
Economic Development	1,937,609	-	2,312,373	-	-	-	-	374,764
Transportation	196,521	-	171,429	-	-	-	-	(25,092)
Total component units	7,267,619	2,658,060	4,506,295	2,102,994	-	-	-	1,999,730
General revenues:								
Taxes:								
Sales and use taxes					49,983,657	-	49,983,657	-
Property tax					5,676,066	-	5,676,066	-
Franchise and public service taxes					2,539,162	-	2,539,162	-
Hotel/motel taxes					1,331,636	-	1,331,636	-
Intergovernmental revenue not restricted to specific programs					1,966,989	-	1,966,989	-
Investment income					2,006,123	186,797	2,192,920	-
Miscellaneous					1,461,229	224,894	1,686,123	74,830
Transfers - internal activity					18,525,335	(18,525,335)	-	-
Total general revenues and transfers					83,490,197	(18,113,644)	65,376,553	74,830
Change in net position					20,365,484	(3,233,799)	17,131,685	2,074,560
Net position - beginning					83,920,951	177,109,397	261,030,348	3,433,718
Net position - ending					\$ 104,286,435	\$ 173,875,598	\$ 278,162,033	\$ 5,508,278

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Balance Sheet - June 30, 2019

	<u>General Fund</u>	<u>2015 CIP</u>	<u>Lawton Industrial Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,265,551	\$ 4,112,650	\$ 13,742,485	\$ 38,512,983	\$ 66,633,669
Investments	1,997,060	-	-	7,992,179	9,989,239
Receivables:					
Accounts receivable	117,224	-	-	926,753	1,043,977
Accrued interest receivable	11,617	-	-	22,013	33,630
Advance to component unit	-	-	-	414,322	414,322
Due from other funds	250,652	-	-	91,568	342,220
Due from other governments	9,058,908	-	-	483,623	9,542,531
Inventory	197,518	-	-	-	197,518
Prepaid item	711	-	-	-	711
Total assets	<u>\$ 21,899,241</u>	<u>\$ 4,112,650</u>	<u>\$ 13,742,485</u>	<u>\$ 48,443,441</u>	<u>\$ 88,197,817</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,021,210	\$ 2,819,128	\$ -	\$ 2,639,542	\$ 7,479,880
Due to other funds	91,568	-	-	652	92,220
Total liabilities	<u>2,112,778</u>	<u>2,819,128</u>	<u>-</u>	<u>2,640,194</u>	<u>7,572,100</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	421,331	421,331
Fund balances:					
Nonspendable	197,518	-	-	-	197,518
Restricted	-	1,293,522	13,742,485	37,714,590	52,750,597
Committed	2,442,714	-	-	64,892	2,507,606
Assigned	7,993,029	-	-	7,602,434	15,595,463
Unassigned (deficit)	9,153,202	-	-	-	9,153,202
Total fund balances	<u>19,786,463</u>	<u>1,293,522</u>	<u>13,742,485</u>	<u>45,381,916</u>	<u>80,204,386</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,899,241</u>	<u>\$ 4,112,650</u>	<u>\$ 13,742,485</u>	<u>\$ 48,443,441</u>	<u>\$ 88,197,817</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, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	80,204,386
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 \$98,292,243 and net of Internal Service Fund capital assets of \$790,739		
		152,058,578
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		421,331
Net pension asset		1,496,584
Pension related deferred outflows		13,746,333
OPEB related deferred outflows		550,991
Some liabilities are not due and payable in the current period and, along with deferred inflows, are not included in the fund financial statement:		
Capital lease obligations		(3,614,908)
General obligations bonds		(20,225,000)
Accrued interest payable		(1,081,332)
Unamortized bond premium		(414,308)
Notes payable		(1,216,000)
Judgments payable		(1,101,682)
Revenue notes payable		(33,341,900)
Total OPEB liability		(10,797,304)
Accrued compensated absences		(5,603,741)
Net pension liability		(54,331,267)
Pension related deferred inflows		(8,334,190)
OPEB related deferred inflows		(3,067,948)
Accrued workers compensation claims		(712,739)
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 (deficit)		(349,449)
Net Position of Governmental Activities in the Statement of Net Position	\$	104,286,435

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2019

	<u>General Fund</u>	<u>2015 CIP</u>	<u>Lawton Industrial Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 52,926,983	\$ -	\$ -	\$ 7,007,702	\$ 59,934,685
Intergovernmental	5,600,827	-	-	3,583,829	9,184,656
Charges for services	709,111	-	-	1,712,571	2,421,682
Fines and forfeitures	3,228,084	-	-	1,107,656	4,335,740
Licenses and permits	928,764	-	-	-	928,764
Investment income	367,097	102,392	420,185	1,116,449	2,006,123
Miscellaneous	1,101,562	-	-	806,654	1,908,216
Total revenues	<u>64,862,428</u>	<u>102,392</u>	<u>420,185</u>	<u>15,334,861</u>	<u>80,719,866</u>
EXPENDITURES					
Current:					
General government	8,687,354	53,312	100,297	2,347,301	11,188,264
Public Safety	34,908,797	19,102	-	1,836,797	36,764,696
Public works and streets	7,961,753	-	-	972,747	8,934,500
Education	-	2,500,000	-	-	2,500,000
Culture and recreation	6,057,621	-	-	1,289,174	7,346,795
Community development	-	-	-	899,906	899,906
Transportation	-	-	-	2,757,392	2,757,392
Capital Outlay	110,554	15,545,978	-	12,725,851	28,382,383
Debt Service:					
Principal	146,901	-	3,390,000	7,204,058	10,740,959
Interest and fiscal charges	69,678	-	629,131	635,839	1,334,648
Total expenditures	<u>57,942,658</u>	<u>18,118,392</u>	<u>4,119,428</u>	<u>30,669,065</u>	<u>110,849,543</u>
Excess (deficiency) of revenues over expenditures	<u>6,919,770</u>	<u>(18,016,000)</u>	<u>(3,699,243)</u>	<u>(15,334,204)</u>	<u>(30,129,677)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	12,240,049	12,240,049
Debt issuance premium	-	-	-	381,104	381,104
Transfers in	22,296,263	28,101,952	4,121,969	28,802,725	83,322,909
Transfers out	(26,883,318)	(6,849,566)	(16,433,631)	(12,662,362)	(62,828,877)
Total other financing sources (uses)	<u>(4,587,055)</u>	<u>21,252,386</u>	<u>(12,311,662)</u>	<u>28,761,516</u>	<u>33,115,185</u>
Net change in fund balances	2,332,715	3,236,386	(16,010,905)	13,427,312	2,985,508
Fund balances - beginning	17,453,748	(1,942,864)	29,753,390	31,954,604	77,218,878
Fund balances - ending	<u>\$ 19,786,463</u>	<u>\$ 1,293,522</u>	<u>\$ 13,742,485</u>	<u>\$ 45,381,916</u>	<u>\$ 80,204,386</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, 2019

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	2,985,508
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		21,755,276
Capital assets donated		303,508
Capital assets transferred from business type activities		146,466
Capital assets transferred to business type activities		(423)
Depreciation expense		(7,158,917)
Disposed capital assets		(44,604)
<p>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.</p>		
		4,937,669
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in unavailable revenue		(71,484)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Incurrence of judgments rendered against the City		(678,734)
Judgment payments		592,496
Debt proceeds		(12,240,049)
General obligation bonds principal payments		4,640,000
Revenue note principal payments		4,717,098
Note payable principal payments		89,000
Capital lease principal payments		1,561,971
<p>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:</p>		
Change in accrued interest payable		(573,019)
Change in accrued compensated absences		273,505
Change in total OPEB liability		(431,112)
Amortization of bond premium		70,824
Amortization of deferred amount on refunding		(381,104)
Change in accrued workers comp claim		142,171
<p>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:</p>		
Total change in net position for internal service funds		(270,562)
Change in net position of governmental activities	\$	<u><u>20,365,484</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, 2019**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Net Position - June 30, 2019

	Lawton Water Authority - Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,318,263	\$ 931,101
Investments	496,085	-
Cash and cash equivalents, restricted	3,684,593	-
Accounts receivable, net of allowance \$2,639,078	5,835,567	34,315
Interest receivable	363	-
Due from other governments	2,976,537	-
Total current assets	22,311,408	965,416
Noncurrent assets:		
Cash and cash equivalents, restricted	4,242,370	-
Land and construction in progress	10,413,082	718,401
Other capital assets, net	207,956,882	72,338
Total noncurrent assets	222,612,334	790,739
Total assets	244,923,742	1,756,155
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	1,265,339	-
Deferred amounts related to OPEB	114,045	-
Deferred amount on refunding	1,515,494	-
	2,894,878	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	750,472	257,159
Accrued interest payable	242,291	-
Due to other funds	-	250,000
Accrued compensated absences	114,329	27,197
Landfill post closure liability	1,342,358	-
Contract payable - Waurika note	1,537,830	-
Worker's compensation liability	227,843	-
Total OPEB liability	110,979	-
Notes payable	313,221	-
Revenue bonds payable	2,388,411	-
Total current liabilities	7,027,734	534,356
Noncurrent liabilities:		
Accrued compensated absences	842,395	200,395
Landfill post closure liability	5,832,495	-
Claims liability	-	1,370,853
Contract payable - Waurika note	27,193,706	-
Worker's compensation liability	227,842	-
Total OPEB liability	2,618,451	-
Notes payable	5,265,209	-
Revenue bond payable, net	12,569,688	-
Net pension liability	10,548,434	-
Total noncurrent liabilities	65,098,220	1,571,248
Total liabilities	72,125,954	2,105,604
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	923,747	-
Deferred amounts related to OPEB	893,321	-
	1,817,068	-
NET POSITION		
Net investment in capital assets	179,287,720	790,739
Restricted for debt service	3,285,212	-
Restricted for landfill financial assurance	157,090	-
Unrestricted (deficit)	(8,854,424)	(1,140,188)
Total net position	\$ 173,875,598	\$ (349,449)

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2019

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 44,519,558	\$ 10,371,279
Other sources	189,177	-
Operating grants	393,804	-
Total operating revenues	45,102,539	10,371,279
OPERATING EXPENSES		
General government and claims	-	10,521,984
Public works operations	18,060,410	-
Computer service operations	-	1,405,317
Depreciation expense	10,205,224	22,043
Landfill closure expense	648,032	-
Total operating expenses	28,913,666	11,949,344
Operating income (loss)	16,188,873	(1,578,065)
NONOPERATING REVENUES (EXPENSES)		
Investment income	186,797	21,778
Interest expense and fiscal charges	(1,455,374)	-
Gain (loss) on asset retirement	40,839	360
Other non-operating revenue	35,717	603,451
Capital assets purchased for governmental activities	(146,466)	(61,315)
Total nonoperating revenue (expenses)	(1,338,487)	564,274
Income (loss) before contributions and transfers	14,850,386	(1,013,791)
Capital asset transfers in and capital contributions	2,406,688	746,388
Transfers in	10,118,958	-
Transfers out	(30,609,831)	(3,159)
Change in net position	(3,233,799)	(270,562)
Total net position - beginning	177,109,397	(78,887)
Total net position - ending	\$ 173,875,598	\$ (349,449)

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019

	<u>Lawton Water</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 45,654,769	\$ -
Receipts from interfund services provided	-	10,940,415
Payments to suppliers	(8,053,426)	(658,089)
Payments to employees	(10,017,655)	(1,004,971)
Receipts from (payments on) interfund loan	-	250,000
Claims and benefits paid	-	(9,900,387)
Net cash provided by (used in) operating activities	<u>27,583,688</u>	<u>(373,032)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	10,118,958	-
Transfers to other funds	(30,609,831)	-
Interaccount transfers from other funds	44,584,047	-
Interaccount transfers to other funds	(44,584,047)	-
Principal paid on debt	(218,943)	-
Interest and fiscal agent fees paid on debt	(152,144)	-
Net cash provided by (used in) noncapital financing activities	<u>(20,861,960)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(3,934,477)	(31,187)
Capital assets purchased for other funds	-	(64,474)
Principal paid on debt	(7,575,275)	-
Interest and fiscal charges paid on debt	(1,245,940)	-
Proceeds from debt	4,565,625	-
Net cash provided by (used in) capital and related financing activities	<u>(8,190,067)</u>	<u>(95,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	3,915	-
Interest and dividends	186,466	21,778
Net cash provided by investing activities	<u>190,381</u>	<u>21,778</u>
Net increase (decrease) in cash and cash equivalents	(1,277,958)	(446,915)
Balances - beginning of year	<u>18,523,184</u>	<u>1,378,016</u>
Balances - end of year	<u>\$ 17,245,226</u>	<u>\$ 931,101</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 9,318,263	\$ 931,101
Restricted cash and cash equivalents - current	3,684,593	-
Restricted cash and cash equivalents - noncurrent	4,242,370	-
Total cash and cash equivalents, end of year	<u>\$ 17,245,226</u>	<u>\$ 931,101</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 16,188,873	\$ (1,578,065)
Adjustments to reconcile operating income (used in) to net cash provided by operating activities:		
Depreciation expense	10,205,224	22,043
Other miscellaneous revenue	35,717	603,451
Change in assets and liabilities:		
Receivables, net	910,317	(34,315)
Due from other governments	(393,804)	-
Deferred outflows related to pension	240,591	-
Deferred outflows related to OPEB	31,011	-
Accounts payable	(377,730)	208,509
Due from other funds	-	250,000
Due to employees	28,354	-
Claims liability	(90,897)	181,164
Landfill closure liability	648,032	-
Total OPEB liability	(595,417)	-
Net pension liability	(371,124)	-
Accrued compensated absences	(45,963)	(25,819)
Deferred inflows related to OPEB	654,668	-
Deferred inflows related to pension	515,836	-
Net cash provided by (used in) operating activities	<u>\$ 27,583,688</u>	<u>\$ (373,032)</u>
Noncash investing, capital and financing activities:		
Noncash capital contributions received	2,406,688	746,388
	<u>\$ 2,406,688</u>	<u>\$ 746,388</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, 2019

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Fiduciary Funds Statement of Fiduciary Net Position - June 30, 2019

	City Employees Retirement Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 555,089	\$ 1,230,809
Investments, at amortized cost	-	2,039,930
Investments, at fair value:		
Purchased judgements	1,093,349	-
United States government securities and agencies	1,693,639	-
Common stock	14,086,064	-
Mutual funds	39,593,743	-
Interest receivable	42,616	261
Employer contributions receivable	63,233	-
Employee contributions receivable	42,755	-
Total assets	\$ 57,170,488	\$ 3,271,000
 LIABILITIES		
Due to depositors	\$ -	\$ 3,166,124
Other payables	185,183	104,876
Total liabilities	\$ 185,183	\$ 3,271,000
 NET POSITION:		
Net position restricted for pensions	\$ 56,985,305	

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Pension Trust Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2019

	City Employees Retirement Trust Fund
ADDITIONS	
Contributions:	
Members	\$ 1,139,575
Employer	1,996,777
Total Contributions	3,136,352
Investment Income:	
Net increase in fair value of investments	128,738
Interest, dividends and other	3,411,020
Total Investment Income	3,539,758
Less investment expense:	
Investment activity expense	(323,102)
Net Investment Income	3,216,656
Total Additions	6,353,008
DEDUCTIONS	
Benefits paid to participants or beneficiaries	4,552,076
Refunds and transfers to other systems	813,924
Administrative expense	40,210
Total Deductions	5,406,210
Change in net position restricted for pensions	946,798
Net position - beginning	56,038,507
Net position - ending	\$ 56,985,305

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Component Units – Combining Statement of Net Position - June 30, 2019

	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	TOTALS
ASSETS									
Current Assets:									
Cash, including time deposits	\$ 18,759	\$ 110,021	\$ 336,881	\$ 320,638	\$ 346,563	\$ 927,236	\$ 43,586	\$ 56,219	\$ 2,159,903
Restricted cash	-	-	-	-	-	158	-	-	158
Investments	-	-	-	1,135,280	-	-	-	-	1,135,280
Accounts receivable	192,122	-	6,647	4,257	14,961	535,526	-	116,345	869,858
Accrued interest receivable	-	-	-	1,585	-	-	-	-	1,585
Inventory	66,983	-	-	32,916	-	-	-	-	99,899
Land held for resale	-	-	-	-	-	2,654,679	-	-	2,654,679
Due from other governments	165,665	-	-	-	-	-	-	-	165,665
Prepaid items	22,446	534	9,134	7,803	-	-	-	-	39,917
Total current assets	465,975	110,555	352,662	1,502,479	361,524	4,117,599	43,586	172,564	7,126,944
Noncurrent Assets:									
Cash, including time deposits	2,276,370	-	-	-	-	-	-	-	2,276,370
Due from other governments	-	-	-	-	-	-	568,658	-	568,658
Prepaid land lease	294,294	-	-	-	-	-	-	-	294,294
Other assets	5,727	-	-	-	-	-	-	-	5,727
Capital Assets:									
Land and construction in progress	3,764,689	-	-	1,749	-	-	257,199	-	4,023,637
Depreciable, net of accumulated depreciation	15,066,189	-	285,868	5,986,956	-	-	-	10,345	21,349,358
Total noncurrent assets	21,407,269	-	285,868	5,988,705	-	-	825,857	10,345	28,518,044
Total Assets	21,873,244	110,555	638,530	7,491,184	361,524	4,117,599	869,443	182,909	35,644,988
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	156,014	775	13,151	52,720	13,941	165	102,266	121,828	460,860
Unearned revenue	13,498	8,260	242,387	-	-	42,500	-	-	306,645
Interest payable	-	-	-	-	-	547,075	-	-	547,075
Notes payable	64,695	-	-	-	-	880,000	-	-	944,695
Total current liabilities	234,207	9,035	255,538	52,720	13,941	1,469,740	102,266	121,828	2,259,275
Noncurrent Liabilities:									
Accrued compensated absences	22,127	-	-	11,342	-	-	-	-	33,469
Due to primary government	-	-	-	-	-	414,322	-	-	414,322
Due to other governments	-	-	-	-	-	568,658	-	-	568,658
Notes payable	34,285	-	-	-	-	26,826,701	-	-	26,860,986
Total noncurrent liabilities	56,412	-	-	11,342	-	27,809,681	-	-	27,877,435
Total Liabilities	290,619	9,035	255,538	64,062	13,941	29,279,421	102,266	121,828	30,136,710
NET POSITION									
Net investment in capital assets	18,786,116	-	285,868	5,988,705	-	-	257,199	10,345	25,328,233
Restricted for construction projects	2,276,370	-	-	-	-	-	-	-	2,276,370
Restricted for grant projects	-	-	-	1,210,881	-	-	-	-	1,210,881
Unrestricted (deficit)	520,139	101,520	97,124	227,536	347,583	(25,161,822)	509,978	50,736	(23,307,206)
Total Net Position	\$ 21,582,625	\$ 101,520	\$ 382,992	\$ 7,427,122	\$ 347,583	\$ (25,161,822)	\$ 767,177	\$ 61,081	\$ 5,508,278

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Component Units - Combining Statement of Activities - Year Ended June 30, 2019

	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	TOTALS
Expenses:									
Airport	\$ 3,744,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,744,370
Culture and recreation	-	117,081	75,549	891,958	286,087	-	-	-	1,370,675
Economic development	-	-	-	-	-	273,865	12,982	-	286,847
Transportation	-	-	-	-	-	-	-	196,521	196,521
Interest expense	5,462	-	-	-	-	1,663,744	-	-	1,669,206
Total expenses	3,749,832	117,081	75,549	891,958	286,087	1,937,609	12,982	196,521	7,267,619
Program Revenues:									
Charges for services	2,326,625	58,807	37,255	235,373	-	-	-	-	2,658,060
Operating grants and contributions	829,416	61,791	131,727	520,387	479,172	2,312,373	-	171,429	4,506,295
Capital grants and contributions	2,102,994	-	-	-	-	-	-	-	2,102,994
Total program revenues	5,259,035	120,598	168,982	755,760	479,172	2,312,373	-	171,429	9,267,349
Net revenue (expense)	1,509,203	3,517	93,433	(136,198)	193,085	374,764	(12,982)	(25,092)	1,999,730
General Revenues (Expense):									
Investment income	10,446	-	978	57,443	304	5,462	102	95	74,830
Total general revenues	10,446	-	978	57,443	304	5,462	102	95	74,830
Change in Net Position	1,519,649	3,517	94,411	(78,755)	193,389	380,226	(12,880)	(24,997)	2,074,560
Net Position, beginning of year	20,062,976	98,003	288,581	7,505,877	154,194	(25,542,048)	780,057	86,078	3,433,718
Net Position, end of year	\$ 21,582,625	\$ 101,520	\$ 382,992	\$ 7,427,122	\$ 347,583	\$ (25,161,822)	\$ 767,177	\$ 61,081	\$ 5,508,278

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Component Units Combining - Governmental Funds Balance Sheet - June 30, 2019

	<u>LAWTON ENHANCEMENT TRUST AUTHORITY</u>	<u>LAWTON ECONOMIC DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 346,563	\$ 927,394	\$ 1,273,957
Accounts receivable	14,961	535,526	550,487
Land held for resale	-	2,654,679	2,654,679
Total assets	361,524	4,117,599	4,479,123
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	13,941	165	14,106
Due to other primary government	-	414,322	414,322
Due to other government	-	568,658	568,658
Interest payable	-	3,617	3,617
	13,941	986,762	1,000,703
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	42,500	42,500
Fund balances:			
Nonspendable	-	2,654,679	2,654,679
Committed	347,583	-	347,583
Unassigned	-	433,658	433,658
Total fund balances	347,583	3,088,337	3,435,920
Total liabilities, deferred inflows and fund balances	\$ 361,524	\$ 4,117,599	\$ 4,479,123
Reconciliation to Government Wide Statement of Net Position:			
Total fund balance, governmental discretely presented component units	347,583	3,088,337	3,435,920
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	-	(543,458)	(543,458)
Notes payable	-	(27,706,701)	(27,706,701)
	-	(28,250,159)	(28,250,159)
Net Position of Governmental Activities in the Statement of Net Position	\$ 347,583	\$ (25,161,822)	\$ (24,814,239)

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Component Units Combining - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2019

	<u>LAWTON ENHANCEMENT TRUST AUTHORITY</u>	<u>LAWTON ECONOMIC DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
REVENUES			
Intergovernmental	\$ -	\$ 1,252,769	\$ 1,252,769
Investment income	304	5,462	5,766
Miscellaneous	479,172	1,059,604	1,538,776
Total revenues	<u>479,476</u>	<u>2,317,835</u>	<u>2,797,311</u>
EXPENDITURES			
Current:			
Culture and recreation	286,087	-	286,087
Economic development	-	273,864	273,864
Debt Service:			
Principal	-	850,928	850,928
Interest and fiscal charges	-	1,613,074	1,613,074
Total expenditures	<u>286,087</u>	<u>2,737,866</u>	<u>3,023,953</u>
Net change in fund balances	193,389	(420,031)	(226,642)
Fund balances - beginning	154,194	3,508,369	3,662,563
Fund balances - ending	<u>\$ 347,583</u>	<u>\$ 3,088,338</u>	<u>\$ 3,435,921</u>
Reconciliation to Government Wide Statement of Activities:			
Net change in fund balance :	193,389	(420,031)	(226,642)
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	-	850,927	850,927
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	-	(50,670)	(50,670)
Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ 193,389</u>	<u>\$ 380,226</u>	<u>\$ 573,615</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, 2019**

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

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.

Lawton Arts and Humanities Council – that operates to encourage and promote knowledge of the fine arts and humanities.

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

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

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

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

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

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

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

1.B. Basis of Presentation and Accounting

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

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

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Government-Wide Financial Statements:

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

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

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

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

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

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

Fund Financial Statements:

Governmental Funds:

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

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incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

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

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds the major funding source is sales tax. For financial reporting purposes the General Fund includes activity of the General Fund, Hunting and Fishing Account, Reserve Account, Insurance Proceeds Account, Payroll Claims Account, Adult Softball Account, Court Credit Card Maintenance Account, Animal License Account, Elmer Thomas Park Account, Stormwater Mitigation Account, RSVP Account, Application Fee Account, Special Jail Account, Real Property Account, and Recycling Account.
- 2015 CIP Fund – account for various projects related to the public safety facility, ADA compliance improvements, fire station remodeling, and street improvements.
- Lawton Industrial Development Authority – accounts for industrial development in the Lawton area.

Aggregated Nonmajor Funds (reported as Other Governmental Funds):

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

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

Capital Project Funds:

- Capital Improvement Fund – accounts for transfers from other City funds for various capital acquisitions and projects.
- Ad Valorem 2005 Fund- accounts for sales tax restricted for capital projects.

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- 2005 CIP Fund (capital project fund) – accounts for various projects such as the southeast water treatment plant and street projects. The projects are funded by restricted revenues from the General Fund and LWA.
- 2012 Ad Valorem – accounts for loan proceeds for construction.
- Street and GO Bond Fund – accounts for projects related to the 2016 GO Bond issue.
- 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.

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

Proprietary Funds:

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

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

The City's proprietary funds include the following:

Enterprise Fund

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

Internal Service Funds (combined for reporting purposes)

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

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 two types of fiduciary funds: Pension Trust Fund and Agency Funds. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of changes in net position. The fiduciary funds are 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.

Agency Funds

Used to account for assets held on behalf of others including the License & Permits Fund, Meter Deposits Fund, Municipal Court Fund, and Fringe Benefit Fund.

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

Deposits and Investments:

Cash and cash equivalents includes 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, and grants and other similar intergovernmental revenues since 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.

Inventories:

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

Land Held for Resale:

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

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized and are charged to expense as incurred.

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

- Buildings 50 years
- Improvements other than buildings 20-40 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years

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- 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.

It is the city's policy to expense interest incurred during the construction period.

Long-term obligations:

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

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

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

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

Compensated Absences:

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

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

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unused sick leave. Upon retirement, an officer shall be paid at 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. Firefighter's shall be paid for sick leave upon voluntary resignation or retirement. Upon retirement with the City, firefighter's shall be paid for all current sick leave up to 576 hours for staff division and 864 hours for shift division at the rate of 75% of hourly rate at the 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 in inflow of resources (revenues) until that time. The government reports deferred inflows related to certain pension and OPEB items.

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."

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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.

Governmental Fund Financial Statements:

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

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

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

1.D. Revenues, Expenditures and Expenses

Program Revenues:

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

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

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- General Government – license and permits, fines and forfeitures, cemetery revenue, impact fees, operating grants and capital grants.

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:

Starting January 1, 2015, 4.125 cents is recorded in the General Fund then transferred as follows:

- 1.25 cents to the 2012 sales tax capital improvement fund, if needed a portion of the tax is transferred to the Water Authority for debt service on voter-approved projects.
- .875 cents to the 2015 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, 2019, the City's net assessed valuation of taxable property was \$419,364,039. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019 was \$13.35.

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 includes 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.

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Government-Wide Financial Statements:

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

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.

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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, 2019 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2019

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	\$ 66,420,507	n/a	n/a	\$ 66,420,507	\$ -	\$ -	\$ -	\$ -
Time deposits	2,040,000	n/a	Level II	-	290,000	1,750,000	-	-
Money Market Accounts	20,175,387	n/a	n/a	20,175,387	-	-	-	-
U.S. Treasury Obligations	2,002,429	AA+	Level I	-	1,502,533	499,896	-	-
U.S. Agencies Obligations	10,176,464	AA+	Level II	-	4,988,350	3,494,475	-	1,693,639
Sub-Total	\$ 100,814,787			<u>\$ 86,595,894</u>	<u>\$ 6,780,883</u>	<u>\$ 5,744,371</u>	<u>\$ -</u>	<u>\$ 1,693,639</u>
Mutual Funds	39,593,743	n/a	Level I					
Common stock	14,086,064	n/a	Level I					
Purchased judgments	1,093,349	n/a	Level III					
Total Deposits and Investments	<u>\$ 155,587,943</u>							
Reconciliation to Financial Statements:								
Cash and cash equivalents	\$ 76,883,033							
Cash and cash equivalents, restricted - current	3,684,593							
Cash and cash equivalents, restricted - noncurrent	4,242,370							
Investments	10,485,324							
Retirement fund investments:								
Judgments purchased as investments	1,093,349							
Mutual funds and other investments	39,593,743							
U.S. government security agencies	1,693,639							
Common stock	14,086,064							
Retirement fund cash and cash equivalents	555,089							
Agency fund cash and cash equivalents	1,230,809							
Agency fund investments	2,039,930							
	<u>\$ 155,587,943</u>							

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

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

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

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

At June 30, 2019, the City was not exposed to custodial credit risk. The discretely presented component units were not exposed to custodial credit risk with the exception of the McMahon Auditorium which had approximately \$88,000 uninsured.

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 evidences 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, 2019, the investments held by the City mature between 2019 through 2040.

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, 2019, the City has 5.70% of their investments in FHLB, 9.30% in FHLMC, 12.35% in FNMA, 53.64% in common stock, 7.62% in US Treasuries or agency obligations, and 11.39% in FFCB Bonds.

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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, 2019 are as follows:

Restricted Cash and Cash Equivalents and Investments:

Landfill Financial Trust	\$	157,090
Public Works Debt Service		1,714,983
Series 2001B Promissory Note Debt Service		103
Series 2011 Sales Tax Utility Revenue Bond Debt Service		112,717
Series 2013 Sales Tax Utility Revenue note - debt service		397,944
Series 2016 Sales Tax Utility Revenue Bond:		
Debt Service		1,301,756
Construction		4,242,370
		<u>7,926,963</u>
	\$	<u>7,926,963</u>

Reconciliation to Proprietary Statement of Net Position:

Cash and cash equivalents, current	\$	3,684,593
Cash and cash equivalents, non current		4,242,370
		<u>7,926,963</u>
	\$	<u>7,926,963</u>

Restricted cash of the Lawton Economic Development Authority is related to debt service accounts for the outstanding note payable totaling \$158.

2.B. Accounts Receivable

Significant account receivable balances at June 30, 2019 were:

	Governmental Activities	Business Type Activites	Total
Accounts Receivable:			
Emergency Communication Fees	\$ 132,822	\$ -	\$ 132,822
Utilities	-	8,041,230	8,041,230
Capital Fee	-	375,187	375,187
Landfill fees	39,323	-	39,323
Drainage maintenance fee	167,519	-	167,519
Hotel/Motel	124,518	-	124,518
Stormwater mainteance fees	67,115	-	67,115
Sewer rehab fees	-	58,228	58,228
Miscellaneous	229,024	-	229,024
Mortgages receivable	410,422	-	410,422
Allowance for uncollectible	(92,451)	(2,639,078)	(2,731,529)
	<u>\$ 1,078,292</u>	<u>\$ 5,835,567</u>	<u>\$ 6,913,859</u>

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2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2019, capital assets balances changed as follows:

	Balance at July 1, 2018	Additions	Deductions	Transfers	Balance at June 30, 2019
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 3,888,990	\$ 1,002,224	\$ -	\$ -	\$ 4,891,214
Construction in progress	33,138,684	21,214,921	(12,604,798)	(1,217,989)	40,530,818
Total capital assets not being depreciated	<u>37,027,674</u>	<u>22,217,145</u>	<u>(12,604,798)</u>	<u>(1,217,989)</u>	<u>45,422,032</u>
Other capital assets:					
Buildings and improvements	56,777,205	330,773	(4,445)	-	57,103,533
Infrastructure	96,607,557	10,905,369	-	147,904	107,660,830
Machinery, furniture and equipment	39,998,194	3,205,871	(903,525)	(6,696)	42,293,844
Intangibles	91,963	-	-	-	91,963
Total other capital assets	<u>193,474,919</u>	<u>14,442,013</u>	<u>(907,970)</u>	<u>141,208</u>	<u>207,150,170</u>
Less accumulated depreciation for:					
Buildings and improvements	22,708,633	1,252,223	(1,696)	-	23,959,160
Infrastructure	39,773,543	3,340,035	-	1,438	43,115,016
Machinery, furniture and equipment	30,928,299	2,588,702	(861,597)	(6,695)	32,648,709
Total accumulated depreciation	<u>93,410,475</u>	<u>7,180,960</u>	<u>(863,293)</u>	<u>(5,257)</u>	<u>99,722,885</u>
Other capital assets, net	<u>100,064,444</u>	<u>7,261,053</u>	<u>(44,677)</u>	<u>146,465</u>	<u>107,427,285</u>
Governmental activities capital assets, net	<u>\$ 137,092,118</u>	<u>\$ 29,478,198</u>	<u>\$ (12,649,475)</u>	<u>\$ (1,071,524)</u>	<u>\$ 152,849,317</u>
	Balance at July 1, 2018	Additions	Deductions	Transfers	Balance at June 30, 2019
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,893,571	\$ -	\$ -	\$ -	\$ 1,893,571
Construction in progress	7,849,588	3,772,984	(4,321,050)	1,217,989	8,519,511
Total capital assets not being depreciated	<u>9,743,159</u>	<u>3,772,984</u>	<u>(4,321,050)</u>	<u>1,217,989</u>	<u>10,413,082</u>
Other capital assets:					
Buildings and utility infrastructure	300,415,081	4,319,734	-	(147,904)	304,586,911
Machinery, furniture and equipment	25,022,889	1,402,685	(875,957)	6,696	25,556,313
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	<u>363,809,120</u>	<u>5,722,419</u>	<u>(875,957)</u>	<u>(141,208)</u>	<u>368,514,374</u>
Less accumulated depreciation for:					
Buildings and utility infrastructure	124,210,327	8,019,912	-	(1,438)	132,228,801
Machinery, furniture and equipment	17,829,786	1,801,601	(865,617)	6,695	18,772,465
Water rights	9,172,515	383,711	-	-	9,556,226
Total accumulated depreciation	<u>151,212,628</u>	<u>10,205,224</u>	<u>(865,617)</u>	<u>5,257</u>	<u>160,557,492</u>
Other capital assets, net	<u>212,596,492</u>	<u>(4,482,805)</u>	<u>(10,340)</u>	<u>(146,465)</u>	<u>207,956,882</u>
Business-type activities capital assets, net	<u>\$ 222,339,651</u>	<u>\$ (709,821)</u>	<u>\$ (4,331,390)</u>	<u>\$ 1,071,524</u>	<u>\$ 218,369,964</u>

Included in the business-type activities addition is \$1.2 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, 2018	Additions	Deductions	Balance at June 30, 2019
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	705,451	3,051,438	-	3,756,889
Total non-depreciable assets at historical cost	<u>713,251</u>	<u>3,051,438</u>	<u>-</u>	<u>3,764,689</u>
Depreciable:				
Runways, ramps, and roads	28,394,107	-	(181,595)	28,212,512
Buildings and improvements	10,098,217	31,522	(6,652)	10,123,087
Equipment and fixtures	2,925,942	61,392	(17,896)	2,969,438
Furniture and equipment	114,512	1,771	-	116,283
Total depreciable assets at historical cost	<u>41,532,778</u>	<u>94,685</u>	<u>\$ (206,143)</u>	<u>41,421,320</u>
Less accumulated depreciation				
Runways, ramps, and roads	19,090,425	975,303	(181,595)	19,884,133
Buildings and improvements	3,852,268	229,947	(6,652)	4,075,563
Equipment and fixtures	2,120,238	190,357	(17,896)	2,292,699
Furniture and equipment	99,878	2,858	-	102,736
Total accumulated depreciation	<u>25,162,809</u>	<u>1,398,465</u>	<u>\$ (206,143)</u>	<u>26,355,131</u>
Other capital assets, net	<u>16,369,969</u>	<u>(1,303,780)</u>	<u>\$ -</u>	<u>15,066,189</u>
Net depreciable assets	<u>\$ 17,083,220</u>	<u>\$ 1,747,658</u>	<u>\$ -</u>	<u>\$ 18,830,878</u>
	Balance at July 1, 2018	Additions	Deductions	Balance at June 30, 2019
Museum of the Great Plains Trust Authority				
Non-depreciable:				
Construction-in-progress	\$ 1,749	-	-	\$ 1,749
Depreciable:				
Furniture and equipment	\$ 384,976	\$ 15,812	\$ -	\$ 400,788
Leasehold improvements	5,217,018	3,982	-	5,221,000
Collections and exhibits	1,138,123	-	-	1,138,123
Copyrights	3,000	-	-	3,000
Total depreciable assets at historical cost	<u>6,743,117</u>	<u>19,794</u>	<u>-</u>	<u>6,762,911</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>622,218</u>	<u>153,737</u>	<u>-</u>	<u>775,955</u>
Net depreciable assets	<u>\$ 6,120,899</u>	<u>\$ (133,943)</u>	<u>-</u>	<u>\$ 5,986,956</u>
Net assets	<u>\$ 6,122,648</u>	<u>\$ (133,943)</u>	<u>-</u>	<u>\$ 5,988,705</u>
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	\$ 257,199	-	-	\$ 257,199
McMahon Auditorium Authority				
Non-depreciable:				
Construction-in-progress	\$ 159,026	-	\$ (159,026)	-
Depreciable:				
Furniture and fixtures	\$ 33,910	\$ 121,206	\$ -	\$ 155,116
Buildings improvements	113,856	145,004	-	258,860
Machinery and equipment	72,127	1,306	-	73,433
Total depreciable assets at historical cost	<u>219,893</u>	<u>267,516</u>	<u>-</u>	<u>487,409</u>
Less accumulated depreciation				
Furniture and fixtures	26,616	10,200	-	36,816
Buildings improvements	85,991	9,236	-	95,227
Machinery and equipment	65,155	4,343	-	69,498
Total accumulated depreciation	<u>177,762</u>	<u>23,779</u>	<u>-</u>	<u>201,541</u>
Net depreciable assets	<u>\$ 42,131</u>	<u>\$ 243,737</u>	<u>\$ -</u>	<u>\$ 285,868</u>
Net assets	<u>\$ 201,157</u>	<u>\$ 243,737</u>	<u>\$ (159,026)</u>	<u>\$ 285,868</u>

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	Balance at July 1, 2018	Additions	Deductions	Balance at June 30, 2019
Lawton Arts and Humanities Council				
Machinery and equipment	\$ 18,456	\$ -	\$ -	\$ 18,456
Less accumulated depreciation	18,456	-	-	18,456
Net depreciable assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lawton Metro Planning Organization				
Machinery and equipment	\$ 12,781	\$ 3,145	\$ -	\$ 15,926
Less accumulated depreciation	3,790	1,791	-	5,581
Net depreciable assets	<u>\$ 8,991</u>	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ 10,345</u>

Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General Government	\$ 5,184,484
Public Safety	1,317,185
Streets	483,428
Culture and Recreation	173,820
Sub-total governmental funds depreciation	<u>7,158,917</u>
Allocated Internal Service Fund Depreciation	22,043
Total	<u>\$ 7,180,960</u>

Business-Type Activities:

Water	\$ 4,254,192
Wastewater	3,507,564
Sanitation	2,443,468
Total depreciation	<u>\$ 10,205,224</u>

2.D. Internal and Interfund Balances and Transfers

Internal Balances:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	CDBG Fund	\$ 489	Grant funding
General Fund	HOME	163	Reimbursement
General Fund	Group Health	250,000	Reimbursement
General Fund	Officers Training	342	Reimbursement
TIF	General Fund	91,226	Reimbursement
Total		<u>\$ 342,220</u>	
Reconciliation to Fund Financial Statements:		Due From	Due To
		Other Funds	Other Funds
Governmental Funds		\$ 342,220	\$ 92,220
Internal Service Funds		-	250,000
Total		<u>\$ 342,220</u>	<u>\$ 342,220</u>
			Net Internal Balances
			\$ 250,000
			\$ (250,000)
			<u>\$ -</u>

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

LEDA entered into an agreement with the City where the City made interest payments on certain long-term debts. LEDA must repay the City with interest at 2.0%. At June 30, 2019, LEDA owed the City \$414,322.

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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, 2019, the LMPO owed the city \$88,128

At June 30, 2019, LURA owes the City \$102,266 for utility services.

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, 2019, were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
General Fund	Water Authority	\$ 19,431,303	Excess utility collections
CIP Fund	General Fund	65,000	Project transfer
Water Authority	2008 CIP Fund	85	Operating subsidy
General Fund	Officer Training Fund	5,117	Transfer of revenues
General Fund	2015 CIP Fund	2,410,422	Operating subsidy
LETA Beautification	General Fund	35,700	Transfer of revenues
Mass Transit Fund	General Fund	776,383	Operating subsidy
General Fund	Mass Transit	34,450	Operating subsidy
Officer Training	General Fund	178,032	Transfer of revenues
Police and Fire Training Fund	General Fund	62,150	Transfer of revenues
Animal Sterilization/Shelter	General Fund	600	Transfer of revenues
General Fund	2015 CIP Fund	414,971	Debt service
LIDA	General Fund	100,297	Debt service
LIDA	2015 CIP Fund	4,021,672	Debt service
2012 CIP Fund	LIDA	126,386	Project transfer
TIF Fund	General Fund	871,178	Sales tax transfer
2015 CIP	General Fund	9,697,576	Sales tax transfer
2015 CIP	LIDA	16,307,245	Project transfer
2016 CIP Fund	General Fund	13,853,682	Sales tax transfer
2016 CIP Fund	Water Authority	8,111,658	Project transfer
2012 CIP Fund	Water Authority	176,120	Project transfer
2016 CIP Fund	Mass Transit	56,463	Reimbursement
2005 CIP Fund	2016 CIP Fund	762,745	Closing of fund
Capital Improvement Fund 2008	2016 CIP Fund	47,995	Closing of fund
Capital Improvement Fund 2008	2015 CIP Fund	2,097,131	Closing of fund
Emergency Communication	General Fund	787,881	Operating subsidy
Mass Transit Fund	Water Authority	2,865,043	Operating subsidy
State Landfill Fund	Water Authority	25,708	Operating subsidy
Water Authority	2005 CIP Fund	2,330	Debt service
Water Authority	2016 CIP Fund	2,559,998	Debt service
Water Authority	2016 CIP Fund	5,241,683	Project transfer
Water Authority	2012 CIP Fund	1,856,864	Debt service
Water Authority	General Fund	454,840	Operating subsidy
Water Authority	Information Technology	3,159	Asset transfer
		<u>\$ 93,441,867</u>	
Reconciliation to fund financial statements:			
		Transfers to	Transfers from
		Other Funds	Other Funds
		Net	Transfers
Governmental Funds		\$ (62,828,877)	\$ 83,322,909
Water Authority		(30,609,831)	10,118,958
Internal Service Funds		(3,159)	-
Totals		<u>\$ (93,441,867)</u>	<u>\$ 93,441,867</u>
Reconciliation to Statement of Activities:			
Net Transfers			\$ 20,490,873
Capital contributions transferred from governmental funds			(2,112,004)
Capital contributions transferred from business type activities			146,466
Transfers - Internal Activity			<u>\$ 18,525,335</u>

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2.E. Long-Term Debt

For the year ended June 30, 2019, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 13,865,000	\$ 11,000,000	\$ 4,640,000	\$ 20,225,000	\$ 1,675,000
General Obligation Bond Premium	104,028	381,104	70,824	414,308	-
Revenue Notes (direct placement)	38,058,998	-	4,717,098	33,341,900	4,741,589
Judgments Payable (direct borrowing)	1,015,444	678,734	592,496	1,101,682	539,376
Notes Payable (direct borrowing)	1,305,000	-	89,000	1,216,000	94,000
Capital lease Obligation	3,936,830	1,240,049	1,561,971	3,614,908	516,488
Workers Comp Liability	854,910	-	142,171	712,739	356,370
Accrued Compensated Absences - city	5,877,246	-	273,505	5,603,741	669,647
Accrued Compensated Absences - internal service	253,411	-	25,819	227,592	27,197
Total Governmental Activities	<u>\$ 65,270,867</u>	<u>\$ 13,299,887</u>	<u>\$ 12,112,884</u>	<u>\$ 66,457,870</u>	<u>\$ 8,619,667</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				10,797,304	\$ 439,021
Net Pension Liability				54,331,267	-
				<u>\$ 131,586,441</u>	<u>\$ 9,058,688</u>
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 1,326,025	\$ 4,565,625	\$ 313,220	\$ 5,578,430	\$ 313,221
Revenue Notes (direct placement)	20,925,111	-	5,967,012	14,958,099	2,388,411
Contracts Payable (direct borrowing)	29,156,976	-	1,513,986	27,642,990	1,537,830
Contract Premium	1,155,534	-	66,988	1,088,546	-
Accrued Compensated Absences	1,002,687	-	45,963	956,724	114,329
Workers Comp Liability	546,582	-	90,897	455,685	227,843
Landfill Closure and Post-closure	6,526,821	648,032	-	7,174,853	1,342,358
Total Business-Type Activities	<u>\$ 60,639,736</u>	<u>\$ 5,213,657</u>	<u>\$ 7,998,066</u>	<u>\$ 57,855,327</u>	<u>\$ 5,923,992</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				2,729,430	110,979
Net Pension Liability				10,548,434	-
				<u>\$ 71,133,191</u>	<u>\$ 6,034,971</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	\$2,260,000
\$1,500,000 general obligation bonds dated October 1, 2005, payable in annual installments of \$115,000, with an interest rate of 5%, repaid by property tax levies	120,000
\$2,500,000 general obligation bonds dated October 1, 2005, payable in annual installments of \$190,000, with interest rates of 5.00% to 3.00%, repaid by property tax levies	220,000
\$3,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$230,000, with interest rates of 4.00% to 4.50%, repaid by property tax levies	930,000

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\$3,300,000 general obligation bonds dated May 1, 2013, payable in annual installments of \$365,000, beginning in May 2015, with interest rates of 2.00% to 2.250%, repaid by property tax levies	1,475,000
\$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	11,000,000
\$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	<u>4,220,000</u>
Total general obligation bonds	\$20,225,000
Premium on bonds outstanding	<u>414,308</u>
Net general obligation bonds	<u>\$20,639,308</u>

Judgments Payable (direct borrowing):

Court-assessed judgments to be paid with ad valorem taxes	<u>\$1,101,682</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	<u>\$1,216,000</u>
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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.	\$7,416,900
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\$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>25,925,000</u>
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Total revenue notes	<u>\$33,341,900</u>
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Capital Leases:

\$2,874,352 capital lease for IT equipment, matures August 2032 with interest at 2.55%	\$2,621,544
\$1,240,049 capital lease for 3 police cars, matures September 2022 with interest at 3.25%	713,295
\$345,885 capital lease for E911 phone system, matures December 2022 with interest at 2.49%	<u>280,069</u>
Total capital leases	<u>\$3,614,908</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):

<p>Series 2001A for \$2,008,570 and Series 2001B for \$2,600,000 with interest on Series 2001B subject to annual adjustment (1.82% at June 30, 2015), and no interest charged on Series 2001A; however, there is a .5% annual administrative fee. Debt service payments are due February 15 and August 15 through February, 2021. Both notes are secured by the revenues of the Lawton Water Authority's (the "Authority") water, sanitary, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.</p>	\$200,856
<p>Series 2003C for \$1,020,000 and Series 2003A for \$1,819,430 with interest on 2003A ranging from 1.345% to 5.245%. No interest is charged on Series 2003C; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September, 2027. All notes are secured by the revenues of the Authority's water, sanitary, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.</p>	509,639
<p>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.</p>	302,311
<p>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.</p>	<u>4,565,624</u>
Total Notes Payable	<u>\$5,578,430</u>

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Revenue Notes Payable (direct placements):

<p>\$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.</p>	\$3,160,000
<p>\$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.</p>	5,765,000
<p>\$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.</p>	<u>6,033,099</u>
Revenue Notes Payable	<u>\$14,958,099</u>

Contract Payable (direct borrowings):

<p>\$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.</p>	\$766,540
<p>\$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.</p>	9,467,790

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\$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.

4,427,237

\$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 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.

11,896,600

\$16,628,473 addendum to 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.

1,084,823

Total Contracts Payable \$27,642,990

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

Year Ending June 30,	Governmental-Type Activities									
	G.O. Bonds Payable		Note Payable (direct placements)		Judgments Payable (direct placements)		Revenue Note (Direct placements)		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,675,000	\$ 753,931	\$ 94,000	\$ 26,621	\$ 539,376	\$ 73,843	\$ 4,741,589	\$ 694,336	\$ 516,488	\$ 113,129
2021	2,555,000	523,816	99,000	29,397	336,061	39,431	4,849,575	591,962	534,802	97,849
2022	2,555,000	461,143	105,000	26,786	226,245	16,517	4,946,117	487,220	351,968	82,036
2023	2,580,000	394,882	110,000	24,036	-	-	5,084,014	380,246	248,104	55,105
2024	1,960,000	325,692	117,000	21,103	-	-	5,188,313	270,521	183,175	48,732
2025-2029	8,900,000	756,032	691,000	52,078	-	-	8,532,292	223,953	1,039,516	168,028
2030-2034	-	-	-	-	-	-	-	-	740,855	32,230
Total	\$ 20,225,000	\$ 3,215,496	\$ 1,216,000	\$ 180,021	\$ 1,101,682	\$ 129,791	\$ 33,341,900	\$ 2,648,238	\$ 3,614,908	\$ 597,109

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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
2020	\$ 313,221	\$ 517,992	\$ 2,388,411	\$ 356,767	\$ 1,537,830	\$ 1,507,956
2021	315,218	516,394	2,450,425	297,451	2,116,519	1,431,810
2022	214,791	514,844	2,508,883	236,541	1,634,261	841,196
2023	141,985	513,684	2,590,986	174,116	1,688,606	790,807
2024	35,589	513,080	2,651,687	109,800	1,735,847	741,832
2025-2029	3,860,845	2,221,999	2,367,707	79,787	9,294,605	2,843,243
2030-2034	4,384,318	1,395,588	-	-	7,244,662	1,228,395
2035-2039	4,451,237	457,208	-	-	2,390,660	110,547
Less amount not drawn	(8,138,774)	-	-	-	-	-
Total	<u>\$ 5,578,430</u>	<u>\$ 6,650,789</u>	<u>\$ 14,958,099</u>	<u>\$ 1,254,462</u>	<u>\$ 27,642,990</u>	<u>\$ 9,495,786</u>

Component Unit Notes Payable

<u>Type of Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Amount due in one year</u>
Component Units:					
Lawton Metropolitan Area Airport Authority:					
Note payable (direct borrowing)	\$ 119,624	\$ 25,620	\$ 46,264	\$ 98,980	\$ 64,695
Total Debt	<u>\$ 119,624</u>	<u>\$ 25,620</u>	<u>\$ 46,264</u>	<u>\$ 98,980</u>	<u>\$ 64,695</u>
Lawton Economic Development Authority:					
Note payable (direct borrowing)	\$ 28,557,628	\$ -	\$ 850,927	\$ 27,706,701	\$ 880,000
Total Debt	<u>\$ 28,557,628</u>	<u>\$ -</u>	<u>\$ 850,927</u>	<u>\$ 27,706,701</u>	<u>\$ 880,000</u>

\$31,600,000 LEDA Tax Apportionment Note payable (direct borrowing) to Bank of Oklahoma. The note is to provide funds to pay off the existing line of credit and provide funds for implementation of the Downtown Redevelopment Project consisting of Increment District No. 1, and Increment District No. 2, including acquiring and developing land and new infrastructure. The note is a line of credit and draws cannot exceed \$31,600,000. The note is secured with pledged revenues consisting of increment ad valorem, sales tax, and hotel/motel tax revenues and land sale revenues. The note has an initial interest rate of 4.00% from delivery through August 2015, thereafter, the rate is based on prime rate plus 1.25% with a minimum rate of 4.50% and the maximum rate as allowed by law of 14%. The note has a 20 year amortization. It is subject to redemption with sixty days-notice after March 1, 2015. Interest payment are due in March and September. The first semi-annual principal payment of \$250,000 was due September 1, 2015. In the event of default the note is subject to redemption.

\$26,305,197

\$1,500,000 Loan (direct borrowing) from the Comanche County Industrial Development Authority (CCIDA). The note is to provide funds for the Redeveloper for project cost, including public facilities, infrastructure, parking and other cost associated with the development of the Hotel and Conference Center. The note is dated August 2012 and bears interest at an annual rate of 3.14%. The note and accrued interest is due one month after the availability of Hotel-Conference Center Increment funds are available.

1,401,504

Total LEDA Debt

\$27,706,701

Pledge of Future Revenues

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$2,008,570, \$1,020,000, \$1,819,430, \$1,310,000, and \$12,705,000 of the OWRB Series 2001A, 2003C, 2003A, 2004E, and 2018 promissory notes payable, respectively. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2021, 2027, 2027, 2028 and 2038 respectively. The total principal and interest payable for the remainder of the life of these notes is \$20,367,993. Net utility revenues received in the current year were \$8,162,252. Debt service payments of \$331,773 for the current fiscal year were 4.06% 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 \$7,174,853 reported as accrued landfill closure cost liability at June 30, 2019, represents the cumulative amount of such costs reported to date based on the use of 81.36% 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 \$1,644,032 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 2019. The City has \$776,925 set aside to fund the estimated landfill closure cost liability. At June 30, 2019, the landfill had a remaining estimated useful life of approximately five years.

2.F. Net Position and Fund Balances

At June 30, 2019, the City's governmental activities had total restricted net position of \$27,698,213, of that amount \$2,223,346 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, 2019, the General Fund has committed fund balance for stabilization of \$2,442,714.

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	General Fund	LIDA	Major Capital Project Fund 2015 CIP Fund	Other Governmental Funds	Total
Fund Balance:					
Nonspendable:					
Inventory	\$ 197,518	\$ -	\$ -	\$ -	\$ 197,518
	197,518	-	-	-	197,518
Restricted For:					
Animal control	\$ -	\$ -	\$ -	\$ 52,924	\$ 52,924
Police operations	-	-	-	7,123	7,123
Public safety training	-	-	-	651,838	651,838
Debt service	-	-	-	1,257,365	1,257,365
Capital improvements	-	-	1,293,522	30,884,285	32,177,807
Drainage maintenance fund	-	-	-	1,229,437	1,229,437
Transportation programs	-	-	-	1,357	1,357
Culture and rec programs	-	-	-	16,810	16,810
Economic development	-	13,742,485	-	1,362,682	15,105,167
General government programs	-	-	-	754,789	754,789
General government grants	-	-	-	1,121,764	1,121,764
Fire education programs	-	-	-	12,776	12,776
Police - drug programs	-	-	-	169,485	169,485
Cemetery improvements	-	-	-	172,870	172,870
Park improvements	-	-	-	19,085	19,085
Sub-total restricted	-	13,742,485	1,293,522	37,714,590	52,750,597
Committed to:					
Beautification	-	-	-	64,892	64,892
Stabilization	2,442,714	-	-	-	2,442,714
Sub-total committed	2,442,714	-	-	64,892	2,507,606
Assigned to:					
Insurance proceeds	164,851	-	-	-	164,851
General government	3,706,492	-	-	-	3,706,492
Police	462,151	-	-	381,112	843,263
Culture and rec programs	68,295	-	-	-	68,295
Stormwater mitigation	378,846	-	-	-	378,846
Recycling	30,591	-	-	-	30,591
Facilities management	-	-	-	49,024	49,024
Supplement next fiscal year budget	3,181,803	-	-	-	3,181,803
Capital improvements	-	-	-	7,172,298	7,172,298
Sub-total assigned	7,993,029	-	-	7,602,434	15,595,463
Unassigned:	9,153,202	-	-	-	9,153,202
TOTAL FUND BALANCE	\$ 19,786,463	\$ 13,742,485	\$ 1,293,522	\$ 45,381,916	\$ 80,204,386

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.

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- Workers' Compensation – Workers' compensation is covered through self-insurance using a third party processor to process claims. The City uses the third party processor's estimates to record group insurance claims payable.
- Employee's Group Medical –Covered through self-insurance using a third party processor to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable.

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

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

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</u>
Claim liability, June 30, 2017	\$ 1,402,663	\$ 907,130	\$ 2,309,793
Claims and changes in estimates	780,584	8,422,392	9,202,976
Claims payments	<u>(781,755)</u>	<u>(8,139,833)</u>	<u>(8,921,588)</u>
Claim liability, June 30, 2018	1,401,492	1,189,689	2,591,181
Claims and changes in estimates	757,713	10,262,715	11,020,428
Claims payments	<u>(990,781)</u>	<u>(10,081,551)</u>	<u>(11,072,332)</u>
Claim liability, June 30, 2019	<u>\$ 1,168,424</u>	<u>\$ 1,370,853</u>	<u>\$ 2,539,277</u>

3.B. Retirement Plan Participation

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

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

Aggregate Pension Information for all plans was as follows:

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	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset			
Police	\$ 1,496,584	\$ -	\$ 1,496,584
Net Pension Liability			
Employee Retirement System	22,334,340	10,548,434	32,882,774
Firefighters	31,996,927	-	31,996,927
	<u>54,331,267</u>	<u>10,548,434</u>	<u>64,879,701</u>
Deferred Outflows of Resources			
Employee Retirement System	2,130,867	1,265,339	3,396,206
Police	2,862,547	-	2,862,547
Firefighters	8,752,919	-	8,752,919
	<u>13,746,333</u>	<u>1,265,339</u>	<u>15,011,672</u>
Deferred Inflows of Resources			
Employee Retirement System	1,674,792	923,747	2,598,539
Police	1,463,217	-	1,463,217
Firefighters	5,196,181	-	5,196,181
	<u>8,334,190</u>	<u>923,747</u>	<u>9,257,937</u>
Pension Expense			
Employee Retirement System	2,197,061	1,037,665	3,234,726
Police	1,062,875	-	1,062,875
Firefighters	(197,032)	-	(197,032)
	<u>\$ 3,062,904</u>	<u>\$ 1,037,665</u>	<u>\$ 4,100,569</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, 2019, 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	426
Retirees or Beneficiaries receiving benefits	<u>224</u>
Total	<u>650</u>

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D. 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, 2019, the City recognized \$2,122,600 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$21,225,867. Employee contributions for FY 2019 were \$1,066,110.

E. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018 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	\$ 86,751,021	\$ 52,810,427	\$ 33,940,594
Charges for year:			
Service cost	2,361,162	-	2,361,162
Interest expense	5,855,694	-	5,855,694
Contributions - employer	-	2,077,166	(2,077,166)
Contributions - employee	-	1,265,354	(1,265,354)
Net investment income	-	4,703,213	(4,703,213)
Benefits paid	(4,787,760)	(4,787,760)	-
Difference between actual and expected experience	(1,255,352)	-	(1,255,352)
Plan administrative expenses	-	(26,409)	26,409
Net changes	\$ 2,173,744	\$ 3,231,564	\$ (1,057,820)
Balances at end of year	<u>\$ 88,924,765</u>	<u>\$ 56,041,991</u>	<u>\$ 32,882,774</u>

The City reported \$3,234,726 in pension expense for the year ended June 30, 2019. At June 30, 2019, 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	\$ 937,296	\$ 1,808,870
Net difference between projected and actual earnings on pension plan investments	-	491,640
Changes in proportion and differences between City contributions and proportionate share of contributions	336,310	298,029
City contributions subsequent to the measurement date	2,122,600	-
Total	<u>\$ 3,396,206</u>	<u>\$ 2,598,539</u>

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The \$2,122,600 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, 2020. 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:	
2020	\$ 271,118
2021	(252,035)
2022	(945,207)
2023	(264,275)
2024	(134,534)
	<u>\$ (1,324,933)</u>

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

Measurement date	July 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Projected salary increases	4.25%
Mortality	RP 2000 Projected
Retirement rates	Lawton experience
Turnover	Oklahoma municipal experience
Discount rate	6.75%
Long-term expected rate of return	6.75%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.5%) and deducting expenses. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2018 are summarized in the following table:

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	Target Allocation	Long-Term Expected Real Rate of Return
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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 43,065,797	\$ 32,882,774	\$ 24,304,454

H. Plan Changes

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

Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan

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

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

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

Normal Retirement:

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

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

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

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

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Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,121,790. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,890,863 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 \$2,852,013. 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, 2019, the City reported a liability of \$31,996,926 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 2.84% at June 30, 2018 which was an decrease from its proportion measured at June 30, 2017 of 3.11%.

For the year ended June 30, 2019, the City recognized pension expense of (\$197,032). At June 30, 2019, 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	\$ 6,683,257	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,658,686
Employer change in proportion	920,347	2,470,135
Difference between proportionate share and City contributions during measurement period	27,525	67,360
City contributions subsequent to the measurement date	1,121,790	-
Total	\$ 8,752,919	\$ 5,196,181

The \$1,121,790 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:

2020	\$ 1,207,359
2021	858,257
2022	(248,752)
2023	374,988
2024	243,096
	\$ 2,434,948

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, 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%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

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	\$ 41,909,649	\$ 31,996,927	\$ 23,671,790

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

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service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions - The 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, 2019, contributions to the pension plan from the City were \$1,338,440. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,242,856 for FY 2019 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 \$1,226,171. 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, 2019, the City reported an asset of \$1,496,584 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 3.14% at June 30, 2018, which was a decrease of 0.18% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,062,875. At June 30, 2019, 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	\$ 8,839	\$ 1,402,300
Changes of assumptions	653,614	-
Net difference between projected and actual earnings on pension plan investments	779,328	-
Employer change in proportion	48,189	32,378
Difference between proportionate share and City contributions during measurement period	34,137	28,539
City contributions subsequent to the measurement date	<u>1,338,440</u>	<u>-</u>
Total	<u>\$ 2,862,547</u>	<u>\$ 1,463,217</u>

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In the year ending June 30, 2020, \$1,338,440 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 or addition to the net pension liability (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:	
2020	\$ 787,865
2021	313,219
2022	(821,324)
2023	(265,362)
2024	46,492
	\$ 60,890

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 10% 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 6,492,188	\$ (1,496,584)	\$ (8,630,608)

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.

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 forfeiture as of June 30, 2019 totaled \$26,705. Contributions to the Plan for the year ended June 30, 2018, for employees and employer were \$84,072 and \$240,426, respectively, on a covered payroll of \$4,371,769. Employer and employee contributions are held in trust by OkMRF.

Other Postemployment Benefits (OPEB)

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

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

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Employees Covered by Benefit Terms at June 30, 2018:

Active Employees	808
Inactive not yet receiving benefits	97
Inactive or beneficiaries receiving benefits	<u>34</u>
Total	<u>939</u>

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2018 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2018 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate – 3.87% based on the 20 year municipal bond yield from the Bond Buyer’s index
- Pay increases – 3% (pay increases used to allocate the EAN actuarial liability and service cost of the OPEB plan)
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Mortality PUB2010 Gen or Public Safety projected
- Inflation rate – 3.0%
- Medical Trend Rates – Society of Actuaries Getzen healthcare economics model

Year	Rate
2018	5.90%
2019	5.90%
2020	5.90%
2025	5.77%
2035	5.80%
2040	5.80%
2045	5.80%
2050	5.50%
2055	5.40%
2060	5.32%
2065	5.18%
2075	4.55%

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Changes in the Total OPEB Liability –

	Total OPEB Liability
Balance, Beginning of Year	\$ 15,855,255
Changes for the Year:	
Service cost	818,936
Interest expense	596,936
Differences between expected and actual experience	(1,148,166)
Change of assumptions	(1,904,496)
Benefits paid	(691,731)
Net Changes	(2,328,521)
Balance, End of Year	\$ 13,526,734

The total liability of \$13,526,734 is allocated \$10,797,304 to governmental activities and \$2,729,430 to business-type activities based on the number of employees covered by benefit terms.

The changes in assumptions relate to a change in the discount rate from 3.58% at June 30, 2017 to 3.87% at June 30, 2018 the measurement date. The health care trend rates were modified to reflect the actual changes in budgeted premium rates for this period. Similarly the assumed rate of retiree contribution increase for the known period was adjusted to match the actual changes in required contributions from the retiree and spouse.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the City recognized OPEB expense of \$907,504. At June 30, 2019, 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	\$ -	\$ 1,015,276
Changes of assumptions	-	2,822,145
Changes in proportion	119,004	119,004
City contributions during measurement date	4,844	4,844
City benefit payments subsequent to the measurement date	541,188	-
Total	\$ 665,036	\$ 3,961,269

The \$541,188 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:

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Year Ended June 30:

	2020	\$	(508,368)
	2021		(508,368)
	2022		(508,368)
	2023		(508,368)
	2024		(508,368)
	Thereafter		(1,295,581)
			\$ (3,837,421)

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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's total OPEB liability	\$ 16,339,662	\$ 13,526,734	\$ 11,359,069

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 (5.09 percent decreasing to 4.28 percent) or 1-percentage-point higher (7.09 percent decreasing to 6.28 percent) than the current healthcare cost trend rates:

	1% Decrease (5.09% decreasing to 4.28%)	Current Healthcare Cost Trend Rates (6.09 % decreasing to 5.28%)	1% Increase (7.09% decreasing to 6.28%)
City's total OPEB liability	\$ 11,429,705	\$ 13,526,734	\$ 16,176,574

3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2019:

Street Reconstruction Phase II	\$	65,213
Rogers Lane Design		360,585
Public Safety Facility		15,393,625
I-44 Pedestrian Bridge		261,618
Gore Blvd (67th-82nd) Design		176,030
SW 52nd (Gore to Railroad Tracks)		1,639,170
27th/31st St. Design Gore-Ferris		105,031
Street Reconstruction Phase I		11,416
Lake Ellsworth Dam		106,654
Street Improvements		206,089
Lake Lawtonka Dam		425,579

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 2019, 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, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the 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, 2019, the city had \$41,300,000 available to issue.

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, 2019, unrestricted deficit of \$25,161,822 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.

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, 2019 are \$568,658. This amount represents property acquisition costs which have been paid by LURA, which pursuant to the agreement with LEDA are to be reimbursed by LEDA.

3.F. Tax abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

Due to confidentiality laws in Oklahoma Statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City during fiscal year 2019:

- A developer received rebated sales tax during fiscal year 2019. The City agrees to rebate up to \$2,500,000 of sales tax to the developer for sales tax generated from the project. The agreement is until the rebate is paid in full or for 5 years, whichever occurs first. The rebate will be 1% of taxable sales from the project based upon information obtained from the Oklahoma Tax Commission. The rebate agreement ended in December 2018.

3.G. Subsequent Events

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%. In December 2019, the City issued \$6,300,000 in bonds. The bonds mature December 2029 with an interest of 2.0%.

3.H. New Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these

transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. Implementation did not materially affect the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* - GASB No. 88 was issued April 2018. The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Implementation did not materially affect the financial statements.

3.I. Future Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB No. 84 will have on its net position.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about

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governments' leasing activities. The City has not yet determined the impact that implementation of GASB No. 87 will have on its net position.

GASB Statement No. 90, *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)* –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB No. 90 will have on its net position.

GASB Statement 91, *Conduit Debt Obligations* – issue May 2019, will be effective for the City beginning with its fiscal year ending June 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet determined the impact that implementation of GASB No. 91 will have on its net position.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 2,641,506	\$ 2,641,506	\$ 3,876,940	\$ 1,235,434
Resources (Inflows):				
Taxes and assessments	51,035,236	51,035,236	52,975,083	1,939,847
Fees, licenses and permits	652,044	652,044	1,439,221	787,177
Rentals and sales of property	127,845	127,845	98,511	(29,334)
Fines and forfeitures	2,297,877	2,297,877	2,161,276	(136,601)
Interest earned	189,332	189,332	318,420	129,088
Other sources	602,006	602,006	687,575	85,569
Intergovernmental	718,626	718,626	853,868	135,242
Grants	71,447	71,447	65,058	(6,389)
Total Resources (Inflows)	<u>55,694,413</u>	<u>55,694,413</u>	<u>58,599,012</u>	<u>2,904,599</u>
Amounts available for appropriation	<u>58,335,919</u>	<u>58,335,919</u>	<u>62,475,952</u>	<u>4,140,033</u>
Charges to Appropriations (Outflows):				
General Government	9,965,427	9,965,427	8,720,677	1,244,750
Public Safety	29,282,058	29,282,058	30,560,586	(1,278,528)
Streets	8,067,904	8,067,904	7,057,477	1,010,427
Culture and Recreation	5,763,860	5,763,860	5,515,490	248,370
Total Charges to Appropriations	<u>53,079,249</u>	<u>53,079,249</u>	<u>51,854,230</u>	<u>1,225,019</u>
Other financing sources (uses)				
Transfers from other funds	19,431,303	19,431,303	22,049,051	2,617,748
Transfers to other funds	(22,944,775)	(22,944,775)	(27,588,829)	(4,644,054)
Total other financing sources (uses)	<u>(3,513,472)</u>	<u>(3,513,472)</u>	<u>(5,539,778)</u>	<u>(2,026,306)</u>
Ending Budgetary Fund Balance	<u>\$ 1,743,198</u>	<u>\$ 1,743,198</u>	<u>\$ 5,081,944</u>	<u>\$ 3,338,746</u>

Notes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution. Presentation is for the General Fund on the City's financial records and does not include all funds or accounts of the General Fund as reflected in the accompanying financial statements.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. The City had expenditures exceeding appropriations in the Public Safety function by \$1,278,528 and transfer out exceeded appropriations by \$4,644,054.

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

	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2019</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 17,453,748	\$ 2,332,715	\$ 19,786,463
Increases (Decreases):			
Revenues:			
Taxes receivable	(8,658,071)	(389,204)	(9,047,275)
Accounts receivable	(56,031)	(23,652)	(79,683)
Accrued interest	(6,965)	(2,304)	(9,269)
Expenditures:			
Accounts payable	2,083,109	(80,136)	2,002,973
Encumbrances	(454,802)	145,518	(309,284)
Other items	(187,151)	179,110	(8,041)
Accounts of the General Fund:			
Hunting and Fishing	7,819	(10,485)	(2,666)
Reserve Account	(1,999,998)	(442,716)	(2,442,714)
Insurance Proceeds Account	(158,887)	(5,964)	(164,851)
Adult Softball Account	(83,414)	25,581	(57,833)
Court Credit Card Maint. Account	(2,981,635)	(619,918)	(3,601,553)
Animal License Account	(360,247)	(40,338)	(400,585)
Elmer Thomas Park Account	(7,796)	-	(7,796)
Stormwater Mitigation	(443,926)	65,080	(378,846)
RSVP Account	20,565	(47,168)	(26,603)
Application Fee Account	(72,057)	(4,004)	(76,061)
Special Jail Account	(58,053)	(3,513)	(61,566)
Real Property Account	(2,275)	-	(2,275)
Recycling Account	(156,993)	126,402	(30,591)
Fund Balance - Budgetary Basis	<u>\$ 3,876,940</u>	<u>\$ 1,205,004</u>	<u>\$ 5,081,944</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*

**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF LAWTON PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	3.2939%	3.2684%	3.4845%	3.3181%	3.1418%
City's proportionate share of the net pension liability (asset)	\$ (1,109,030)	\$ 133,268	\$ 5,336,339	\$ 255,232	\$ (1,496,584)
City's covered-employee payroll	\$ 9,205,946	\$ 9,261,686	\$ 9,936,252	\$ 9,894,779	\$ 9,957,075
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.05%	1.44%	53.71%	2.58%	15.03%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

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

Notes to Schedule:

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

**CITY OF LAWTON, OKLAHOMA
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Schedule of City Contributions
Oklahoma Police Pension & Retirement System

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 1,203,232	\$ 1,291,715	\$ 1,300,511	\$ 1,294,420	\$ 1,338,440
Contributions in relation to the statutorially required contribution	<u>1,203,232</u>	<u>1,291,715</u>	<u>1,300,511</u>	<u>1,294,420</u>	<u>1,338,440</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 9,261,686	\$ 9,936,252	\$ 9,894,779	\$ 9,957,075	\$ 10,137,911
Contributions as a percentage of covered-employee payroll	12.99%	13.00%	13.14%	13.00%	13.20%

Notes to Schedule:

Only the five 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.

<u>Changes in Assumptions</u>	<u>Previous Assumptions</u>	<u>New Assumptions</u>
<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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As of and for the Year Ended June 30, 2019**

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

**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF LAWTON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	2.929600%	3.069856%	3.065642%	3.108600%	2.842538%
City's proportionate share of the net pension liability	\$ 30,126,632	\$ 32,583,712	\$ 37,453,398	\$ 39,097,714	\$ 31,996,926
City's covered-employee payroll	\$ 7,829,286	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	385%	402%	419%	462%	378%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

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

Notes to Schedule:

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

**Schedule of City Contributions
Oklahoma Fire Fighter's Pension & Retirement System**

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 1,135,232	\$ 1,251,646	\$ 1,185,745	\$ 1,183,595	\$ 1,046,425
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,365)</u>
City's covered-employee payroll	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219	\$ 7,474,467
Contributions as a percentage of covered-employee payroll	13.99%	14.00%	14.00%	14.00%	15.01%

Notes to Schedule:

Only the five 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 Five Fiscal Years				
	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 2,421,404	\$ 2,377,346	\$ 2,355,200	\$ 2,372,993	\$ 2,361,162
Interest	5,130,919	5,344,966	5,404,379	5,597,236	5,855,694
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	620,866	(2,103,217)	23,241	1,113,082	(1,255,352)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)
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>
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>
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>
Plan fiduciary net position					
Contributions - employer	\$ 2,144,569	\$ 2,021,594	\$ 2,068,439	\$ 2,095,587	\$ 2,077,166
Contributions - member	1,311,923	1,279,749	1,296,400	1,322,450	1,265,354
Net investment income	5,604,962	853,380	(812,694)	6,115,016	4,703,213
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)
Administrative expense	(26,618)	(19,940)	(31,020)	(29,686)	(26,409)
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>3,231,564</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>
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>\$ 56,041,991</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>
Plan fiduciary net position as a percentage of the total pension liability	65.13%	63.66%	58.56%	60.88%	63.02%
Covered employee payroll	\$ 20,593,547	\$ 20,580,295	\$ 20,903,375	\$ 21,452,987	\$ 19,969,869
Net pension liability as a percentage of covered-employee payroll	134.09%	141.39%	164.38%	158.21%	164.66%

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

Notes to Schedule:

Only the five 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				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,586,534	\$ 3,590,720	\$ 3,669,120	\$ 3,271,543	\$ 3,179,977
Contributions in relation to the actuarially determined contribution	1,996,777	2,077,166	2,095,587	2,068,439	2,021,594
Contribution deficiency (excess)	<u>\$ 1,589,757</u>	<u>\$ 1,513,554</u>	<u>\$ 1,573,533</u>	<u>\$ 1,203,104</u>	<u>\$ 1,158,383</u>
Covered employee payroll	\$ 18,753,645	\$ 19,955,716	\$ 20,903,375	\$ 20,580,295	\$ 20,593,547
Contributions as a percentage of covered-employee payroll	10.65%	10.41%	10.03%	10.05%	9.82%
	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 3,225,198	\$ 3,182,857	\$ 3,182,857	\$ 2,965,333	\$ 2,965,333
Contributions in relation to the actuarially determined contribution	2,144,569	2,239,853	2,113,599	1,920,223	1,717,742
Contribution deficiency (excess)	<u>\$ 1,080,629</u>	<u>\$ 943,004</u>	<u>\$ 1,069,258</u>	<u>\$ 1,045,110</u>	<u>\$ 1,247,591</u>
Covered employee payroll	\$ 21,612,172	\$ 22,095,022	\$ 21,136,000	\$ 22,591,000	\$ 21,472,000
Contributions as a percentage of covered-employee payroll	9.92%	10.14%	10.00%	8.50%	8.00%

Notes to Schedule:

Latest Valuation Date: July 1, 2018

Actuarially determined contribution rate is calculated as of July 1, 2018
July 2018 through June 2019 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 rolling
- Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
- Salary increases -4.25% per year (3.0% general increases and 1.25% allowance for promo)
- Investment rate of return - 6.75% per annum
- Mortality RP 2000 with cohort projection

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Schedule of Investment Returns

Last Five Fiscal Years

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
Annual money-weighted rate of return, net of investment expense	12.36%	1.54%	-1.88%	13.15%	9.20%

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
Total OPEB Liability		
Service cost	\$ 966,960	\$ 818,936
Interest	448,307	596,936
Differences between expected and actual experience	-	(1,148,166)
Changes of assumptions	(1,293,119)	(1,904,496)
Benefit payments	(856,164)	(691,731)
Net (decrease) in total OPEB liability	(734,016)	(2,328,521)
Balances at Beginning of Year	16,589,271	15,855,255
Balances End of Year	\$ 15,855,255	\$ 13,526,734
Covered employee payroll	\$ 37,800,000	\$ 38,143,000
Total OPEB liability as a percentage of covered-employee payroll	41.95%	35.46%

Notes to Schedule:

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

Changes in assumption (measurement date)

Discount rate	Increased from 2.85% 6/30/16 to 3.58% 6/30/17
	Increased from 3.58% 6/30/17 to 3.87% 6/30/18
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
Mortality tables	6/30/17: RP 2000 projected using scale AA
	6/30/18: PUB22010 Gen or Public Safety projected

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2019

	<u>General Fund</u>	<u>Hunting and Fishing Account</u>	<u>Reserve Account</u>	<u>Insurance Proceeds Account</u>	<u>Payroll Claims Account</u>	<u>Adult Softball Account</u>	<u>Court Credit Card Maint. Account</u>	<u>Animal License Account</u>
ASSETS								
Cash and cash equivalents	\$ 5,042,417	\$ 2,666	\$ 443,306	\$ 163,940	\$ (4,684)	\$ 58,152	\$ 3,601,553	\$ 400,585
Investments	-	-	1,997,060	-	-	-	-	-
Receivables:								
Accounts receivable	68,050	-	-	911	4,257	239	-	77
Accrued interest receivable	9,269	-	2,348	-	-	-	-	-
Due from other funds	250,652	-	-	-	-	-	-	-
Due from other accounts	250	-	-	-	-	-	-	-
Due from other governments	9,058,908	-	-	-	-	-	-	-
Inventory	197,518	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	711	-	-	-
Total assets	<u>14,627,064</u>	<u>2,666</u>	<u>2,442,714</u>	<u>164,851</u>	<u>284</u>	<u>58,391</u>	<u>3,601,553</u>	<u>400,585</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	2,002,973	-	-	-	284	558	-	-
Due to other funds	91,568	-	-	-	-	-	-	-
Due to other accounts	-	-	-	-	-	-	-	-
Total liabilities	<u>2,094,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>558</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	197,518	-	-	-	-	-	-	-
Committed	-	-	2,442,714	-	-	-	-	-
Assigned	3,181,803	2,666	-	164,851	-	57,833	3,601,553	400,585
Unassigned	9,153,202	-	-	-	-	-	-	-
Total fund balances	<u>12,532,523</u>	<u>2,666</u>	<u>2,442,714</u>	<u>164,851</u>	<u>-</u>	<u>57,833</u>	<u>3,601,553</u>	<u>400,585</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,627,064</u>	<u>\$ 2,666</u>	<u>\$ 2,442,714</u>	<u>\$ 164,851</u>	<u>\$ 284</u>	<u>\$ 58,391</u>	<u>\$ 3,601,553</u>	<u>\$ 400,585</u>

(Continued)

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Combining Balance Sheet – General Fund Accounts – June 30, 2019, (Continued)

	<u>Elmer Thomas Park Account</u>	<u>Stormwater Mitigation</u>	<u>RSVP Account</u>	<u>Application Fee</u>	<u>Special Jail Account</u>	<u>Real Property Account</u>	<u>Recycling Account</u>	<u>Total General Fund</u>
ASSETS								
Cash and cash equivalents	\$ 7,796	\$ 352,511	\$ 26,893	\$ 76,061	\$ 61,566	\$ 2,275	\$ 30,591	\$ 10,265,551
Investments	-	-	-	-	-	-	-	1,997,060
Receivables:								
Accounts receivable	-	43,690	-	-	-	-	-	117,224
Accrued interest receivable	-	-	-	-	-	-	-	11,617
Due from other funds	-	-	-	-	-	-	-	250,652
Due from other accounts	-	-	-	-	-	-	-	250
Due from other governments	-	-	-	-	-	-	-	9,058,908
Inventory	-	-	-	-	-	-	-	197,518
Prepaid items	-	-	-	-	-	-	-	711
Total assets	<u>7,796</u>	<u>396,201</u>	<u>26,893</u>	<u>76,061</u>	<u>61,566</u>	<u>2,275</u>	<u>30,591</u>	<u>21,899,491</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	-	17,355	40	-	-	-	-	2,021,210
Due to other funds	-	-	-	-	-	-	-	91,568
Due to other accounts	-	-	250	-	-	-	-	250
Total liabilities	<u>-</u>	<u>17,355</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,113,028</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	197,518
Committed	-	-	-	-	-	-	-	2,442,714
Assigned	7,796	378,846	26,603	76,061	61,566	2,275	30,591	7,993,029
Unassigned	-	-	-	-	-	-	-	9,153,202
Total fund balances	<u>7,796</u>	<u>378,846</u>	<u>26,603</u>	<u>76,061</u>	<u>61,566</u>	<u>2,275</u>	<u>30,591</u>	<u>19,786,463</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,796</u>	<u>\$ 396,201</u>	<u>\$ 26,893</u>	<u>\$ 76,061</u>	<u>\$ 61,566</u>	<u>\$ 2,275</u>	<u>\$ 30,591</u>	<u>\$ 21,899,491</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2019

	<u>General Fund</u>	<u>Hunting and Fishing Account</u>	<u>Reserve Account</u>	<u>Insurance Proceeds Account</u>	<u>Payroll Claims Account</u>	<u>Adult Softball Account</u>	<u>Court Credit Card Maint. Account</u>	<u>Animal License Account</u>
REVENUES								
Taxes	\$ 52,926,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,546,320	-	-	-	-	-	-	-
Charges for services	671,205	-	-	-	-	31,556	-	-
Fines and forfeitures	1,371,276	-	-	-	-	-	1,837,243	770
Licenses and permits	828,527	46,117	-	-	-	-	-	46,322
Investment income	320,734	-	27,745	-	-	-	17,686	-
Miscellaneous	751,400	1,595	-	46,857	-	-	-	-
Total revenues	<u>62,416,445</u>	<u>47,712</u>	<u>27,745</u>	<u>46,857</u>	<u>-</u>	<u>31,556</u>	<u>1,854,929</u>	<u>47,092</u>
EXPENDITURES								
Current:								
General government	8,431,471	-	-	33,605	-	-	168,529	-
Public safety	34,900,656	-	-	-	-	-	-	6,754
Public works and streets	7,462,211	-	-	-	-	-	-	-
Culture and recreation	5,581,643	422,919	-	-	-	53,059	-	-
Capital Outlay	99,188	-	-	7,288	-	4,078	-	-
Debt Service:								
Principal retirement	146,901	-	-	-	-	-	-	-
Interest and fiscal charges	69,678	-	-	-	-	-	-	-
Total expenditures	<u>56,691,748</u>	<u>422,919</u>	<u>-</u>	<u>40,893</u>	<u>-</u>	<u>57,137</u>	<u>168,529</u>	<u>6,754</u>
Excess (deficiency) of revenues over expenditures	<u>5,724,697</u>	<u>(375,207)</u>	<u>27,745</u>	<u>5,964</u>	<u>-</u>	<u>(25,581)</u>	<u>1,686,400</u>	<u>40,338</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	21,881,292	-	414,971	-	-	-	-	-
Transfers out	(26,606,836)	-	-	-	-	-	(276,482)	-
Transfers in - interaccount	803,895	385,692	-	-	-	-	-	-
Transfers out - interaccount	(427,376)	-	-	-	-	-	(790,000)	-
Total other financing sources and uses	<u>(4,349,025)</u>	<u>385,692</u>	<u>414,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,066,482)</u>	<u>-</u>
Net change in fund balances	1,375,672	10,485	442,716	5,964	-	(25,581)	619,918	40,338
Fund balances - beginning	11,156,851	(7,819)	1,999,998	158,887	-	83,414	2,981,635	360,247
Fund balances - ending	<u>\$ 12,532,523</u>	<u>\$ 2,666</u>	<u>\$ 2,442,714</u>	<u>\$ 164,851</u>	<u>\$ -</u>	<u>\$ 57,833</u>	<u>\$ 3,601,553</u>	<u>\$ 400,585</u>

(Continued)

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2019,
(Continued)

	<u>Elmer Thomas Park Account</u>	<u>Stormwater Mitigation</u>	<u>RSVP Account</u>	<u>Application Fee</u>	<u>Special Jail Account</u>	<u>Real Property Account</u>	<u>Recycling Account</u>	<u>Total General Fund</u>
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,926,983
Intergovernmental	-	-	54,507	-	-	-	-	5,600,827
Charges for services	-	-	-	-	-	-	6,350	709,111
Fines and forfeitures	-	-	-	-	18,795	-	-	3,228,084
Licenses and permits	-	-	-	7,798	-	-	-	928,764
Investment income	-	-	932	-	-	-	-	367,097
Miscellaneous	-	301,710	-	-	-	-	-	1,101,562
Total revenues	<u>-</u>	<u>301,710</u>	<u>55,439</u>	<u>7,798</u>	<u>18,795</u>	<u>-</u>	<u>6,350</u>	<u>64,862,428</u>
EXPENDITURES								
Current:								
General government	-	-	49,955	3,794	-	-	-	8,687,354
Public safety	-	-	-	-	1,387	-	-	34,908,797
Public works and streets	-	366,790	-	-	-	-	132,752	7,961,753
Culture and recreation	-	-	-	-	-	-	-	6,057,621
Capital Outlay	-	-	-	-	-	-	-	110,554
Debt Service:								
Principal	-	-	-	-	-	-	-	146,901
Interest and fiscal charges	-	-	-	-	-	-	-	69,678
Total expenditures	<u>-</u>	<u>366,790</u>	<u>49,955</u>	<u>3,794</u>	<u>1,387</u>	<u>-</u>	<u>132,752</u>	<u>57,942,658</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(65,080)</u>	<u>5,484</u>	<u>4,004</u>	<u>17,408</u>	<u>-</u>	<u>(126,402)</u>	<u>6,919,770</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	22,296,263
Transfers out	-	-	-	-	-	-	-	(26,883,318)
Transfers in - interaccount	-	-	41,684	-	-	-	-	1,231,271
Transfers out - interaccount	-	-	-	-	(13,895)	-	-	(1,231,271)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>41,684</u>	<u>-</u>	<u>(13,895)</u>	<u>-</u>	<u>-</u>	<u>(4,587,055)</u>
Net change in fund balances	-	(65,080)	47,168	4,004	3,513	-	(126,402)	2,332,715
Fund balances - beginning	7,796	443,926	(20,565)	72,057	58,053	2,275	156,993	17,453,748
Fund balances - ending	<u>\$ 7,796</u>	<u>\$ 378,846</u>	<u>\$ 26,603</u>	<u>\$ 76,061</u>	<u>\$ 61,566</u>	<u>\$ 2,275</u>	<u>\$ 30,591</u>	<u>\$ 19,786,463</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

	SPECIAL REVENUE FUNDS							
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	HOME INVESTMENT CDBG	LAWTON URBAN HOMESTEADING	POLICE GRANT	PARK FEE FUND	NARCOTICS FUND
ASSETS								
Cash and cash equivalents	\$ 5,891	\$ 176,143	\$ 603,181	\$ 63,733	\$ 249	\$ 7,123	\$ 19,085	\$ 171,434
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	-	410,422	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	3,735	-	489	-	-	-	-	-
Total assets	<u>\$ 9,626</u>	<u>\$ 176,143</u>	<u>\$ 603,670</u>	<u>\$ 474,155</u>	<u>\$ 249</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 171,434</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 18,524	\$ 1,450	\$ -	\$ -	\$ -	\$ 1,949
Due to other funds	-	-	489	163	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>19,013</u>	<u>1,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,949</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	421,331	-	-	-	-
Fund balances:								
Restricted	9,626	176,143	584,657	51,211	249	7,123	19,085	169,485
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>9,626</u>	<u>176,143</u>	<u>584,657</u>	<u>51,211</u>	<u>249</u>	<u>7,123</u>	<u>19,085</u>	<u>169,485</u>
Total liabilities and fund balances	<u>\$ 9,626</u>	<u>\$ 176,143</u>	<u>\$ 603,670</u>	<u>\$ 474,155</u>	<u>\$ 249</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 171,434</u>

(continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS						
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	FIRE PREVENTION EDUCATION
ASSETS							
Cash and cash equivalents	\$ 27,140	\$ 357,404	\$ 167,370	\$ 56,074	\$ 1,191	\$ 21,624	\$ 12,776
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	158	132,822	-	-	-	32,764	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	-	-	-	342	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 27,298</u>	<u>\$ 490,226</u>	<u>\$ 167,370</u>	<u>\$ 56,416</u>	<u>\$ 1,191</u>	<u>\$ 54,388</u>	<u>\$ 12,776</u>
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 60,136	\$ -	\$ 10,344	\$ -	\$ 54,388	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>60,136</u>	<u>-</u>	<u>10,344</u>	<u>-</u>	<u>54,388</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	27,298	430,090	167,370	46,072	1,191	-	12,776
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>27,298</u>	<u>430,090</u>	<u>167,370</u>	<u>46,072</u>	<u>1,191</u>	<u>-</u>	<u>12,776</u>
Total liabilities and fund balances	<u>\$ 27,298</u>	<u>\$ 490,226</u>	<u>\$ 167,370</u>	<u>\$ 56,416</u>	<u>\$ 1,191</u>	<u>\$ 54,388</u>	<u>\$ 12,776</u>

(continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS						
	TIF FUND	GRANTS GIFTS	MCPHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,609	\$ 7,184	\$ 1,154,572	\$ 25,626	\$ 69,793	\$ 5,500
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	-	-	-	105,052	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	91,226	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 91,226</u>	<u>\$ 2,609</u>	<u>\$ 7,184</u>	<u>\$ 1,259,624</u>	<u>\$ 25,626</u>	<u>\$ 69,793</u>	<u>\$ 5,500</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 91,226	\$ -	\$ -	\$ 30,187	\$ -	\$ 4,901	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>91,226</u>	<u>-</u>	<u>-</u>	<u>30,187</u>	<u>-</u>	<u>4,901</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	-	2,609	7,184	1,229,437	25,626	-	5,500
Committed	-	-	-	-	-	64,892	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,609</u>	<u>7,184</u>	<u>1,229,437</u>	<u>25,626</u>	<u>64,892</u>	<u>5,500</u>
Total liabilities and fund balances	<u>\$ 91,226</u>	<u>\$ 2,609</u>	<u>\$ 7,184</u>	<u>\$ 1,259,624</u>	<u>\$ 25,626</u>	<u>\$ 69,793</u>	<u>\$ 5,500</u>

(continued)

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	FEDERAL GRANT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR 1972
ASSETS									
Cash and cash equivalents	\$ 1,103,159	\$ 29,177	\$ 3,426	\$ 469,773	\$ 725,612	\$ 49,474	\$ 1,211,925	\$ 558,048	\$ 1,257,365
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts receivable	124,518	-	110	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Advance to component unit	114,328	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	19,642	13,514	-	-	-	-	-
Total assets	<u>\$ 1,342,005</u>	<u>\$ 29,177</u>	<u>\$ 23,178</u>	<u>\$ 483,287</u>	<u>\$ 725,612</u>	<u>\$ 49,474</u>	<u>\$ 1,211,925</u>	<u>\$ 558,048</u>	<u>\$ 1,257,365</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 155,715	\$ -	\$ 23,012	\$ -	\$ -	\$ 450	\$ 2,395	\$ 1,260	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>155,715</u>	<u>-</u>	<u>23,012</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>2,395</u>	<u>1,260</u>	<u>-</u>
Deferred Inflows:									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	1,186,290	29,177	166	483,287	725,612	-	1,209,530	175,676	1,257,365
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	49,024	-	381,112	-
Total fund balances	<u>1,186,290</u>	<u>29,177</u>	<u>166</u>	<u>483,287</u>	<u>725,612</u>	<u>49,024</u>	<u>1,209,530</u>	<u>556,788</u>	<u>1,257,365</u>
Total liabilities and fund balances	<u>\$ 1,342,005</u>	<u>\$ 29,177</u>	<u>\$ 23,178</u>	<u>\$ 483,287</u>	<u>\$ 725,612</u>	<u>\$ 49,474</u>	<u>\$ 1,211,925</u>	<u>\$ 558,048</u>	<u>\$ 1,257,365</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019, (Continued)

	CAPITAL PROJECT FUNDS									TOTALS
	2012 CIP Fund	CIP	CAPITAL OUTLAY ROLLING STOCK	2005 CIP Fund	CAPITAL IMPROVEMENT FUND 2008	AD Valorem 2005	AD Valorem 2012	2016 CIP Fund	Street and GO Bond Fund	
ASSETS										
Cash and cash equivalents	\$ 4,407,126	\$ 907,747	\$ 3,737,599	\$ -	\$ -	\$ 693,385	\$ 805,326	\$ 7,813,386	\$ 11,784,753	\$ 38,512,983
Investments	2,213,974	1,777,846	-	-	-	-	-	4,000,359	-	7,992,179
Receivables:										
Accounts receivable	-	120,907	-	-	-	-	-	-	-	926,753
Accrued interest receivable	1,103	6,403	-	-	-	-	-	14,507	-	22,013
Advance to component unit	-	299,994	-	-	-	-	-	-	-	414,322
Due from other funds	-	-	-	-	-	-	-	-	-	91,568
Due from other governments	-	446,243	-	-	-	-	-	-	-	483,623
Total assets	<u>\$ 6,622,203</u>	<u>\$ 3,559,140</u>	<u>\$ 3,737,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,385</u>	<u>\$ 805,326</u>	<u>\$ 11,828,252</u>	<u>\$ 11,784,753</u>	<u>\$ 48,443,441</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 849,053	\$ 124,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,053,579	\$ 156,532	\$ 2,639,542
Due to other funds	-	-	-	-	-	-	-	-	-	652
Total liabilities	<u>849,053</u>	<u>124,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053,579</u>	<u>156,532</u>	<u>2,640,194</u>
Deferred Inflows:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	421,331
Fund balances:										
Restricted	5,773,150	-	-	-	-	693,385	805,326	10,774,673	11,628,221	37,714,590
Committed	-	-	-	-	-	-	-	-	-	64,892
Assigned	-	3,434,699	3,737,599	-	-	-	-	-	-	7,602,434
Total fund balances	<u>5,773,150</u>	<u>3,434,699</u>	<u>3,737,599</u>	<u>-</u>	<u>-</u>	<u>693,385</u>	<u>805,326</u>	<u>10,774,673</u>	<u>11,628,221</u>	<u>45,381,916</u>
Total liabilities and fund balances	<u>\$ 6,622,203</u>	<u>\$ 3,559,140</u>	<u>\$ 3,737,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,385</u>	<u>\$ 805,326</u>	<u>\$ 11,828,252</u>	<u>\$ 11,784,753</u>	<u>\$ 48,443,441</u>

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS							
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	HOME INVESTMENT CDBG	LAWTON URBAN HOMESTEADING	POLICE GRANT	PARK FEE FUND	NARCOTICS FUND
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	45,552	-	687,215	240,610	-	-	-	3,333
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	8,959	942	-	6	-	-	-
Miscellaneous	19,565	-	28,186	5,485	-	-	-	95,986
Total revenues	<u>65,117</u>	<u>8,959</u>	<u>716,343</u>	<u>246,095</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>99,319</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	102,955
Public works and streets	-	-	-	-	-	-	-	-
Culture and recreation	11,775	-	-	-	-	-	-	-
Community development	-	-	680,079	219,827	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	38,126	-	-	-	-	-	-	25,383
Debt Service								
Principal	-	-	20,167	-	-	-	-	-
Interest and fiscal charges	-	-	33,767	-	-	-	-	-
Total expenditures	<u>49,901</u>	<u>-</u>	<u>734,013</u>	<u>219,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,338</u>
Excess (deficiency) of revenues over expenditures	<u>15,216</u>	<u>8,959</u>	<u>(17,670)</u>	<u>26,268</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>(29,019)</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15,216	8,959	(17,670)	26,268	6	-	-	(29,019)
Fund balances - beginning	(5,590)	167,184	602,327	24,943	243	7,123	19,085	198,504
Fund balances - ending	<u>\$ 9,626</u>	<u>\$ 176,143</u>	<u>\$ 584,657</u>	<u>\$ 51,211</u>	<u>\$ 249</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 169,485</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS						
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	FIRE PREVENTION EDUCATION
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	287,561	-	-	-	-	-
Charges for services	24,707	-	18,250	-	-	196,648	-
Fines and forfeitures	-	-	-	135,166	-	-	-
Investment earnings	34	-	-	-	-	-	-
Miscellaneous	-	472,641	-	-	-	-	-
Total revenues	24,741	760,202	18,250	135,166	-	196,648	-
EXPENDITURES							
Current:							
General government	-	-	4,417	-	-	207,995	-
Public safety	44,765	1,236,811	-	262,139	-	-	-
Public works and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	-	10,490	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	44,765	1,236,811	14,907	262,139	-	207,995	-
Excess (deficiency) of revenues over expenditures	(20,024)	(476,609)	3,343	(126,973)	-	(11,347)	-
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-
Transfers in	600	787,881	-	178,032	-	25,708	-
Transfers out	-	-	-	(5,117)	-	-	-
Total other financing sources and uses	600	787,881	-	172,915	-	25,708	-
Net change in fund balances	(19,424)	311,272	3,343	45,942	-	14,361	-
Fund balances - beginning	46,722	118,818	164,027	130	1,191	(14,361)	12,776
Fund balances - ending	\$ 27,298	\$ 430,090	\$ 167,370	\$ 46,072	\$ 1,191	\$ -	\$ 12,776

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS						
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	865,525	-	37,675	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	106	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>865,525</u>	<u>106</u>	<u>37,675</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	1,042,776	-	-	-	-	70,984	-
Public safety	-	-	-	-	1,487	-	-
Public works and streets	-	-	-	787,512	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	-	17,379	205,579	-	-	-
Debt Service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>1,042,776</u>	<u>-</u>	<u>17,379</u>	<u>993,091</u>	<u>1,487</u>	<u>70,984</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,042,776)</u>	<u>-</u>	<u>(17,379)</u>	<u>(127,566)</u>	<u>(1,381)</u>	<u>(33,309)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-
Transfers in	871,178	-	-	-	-	35,700	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>871,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,700</u>	<u>-</u>
Net change in fund balances	(171,598)	-	(17,379)	(127,566)	(1,381)	2,391	-
Fund balances - beginning	171,598	2,609	24,563	1,357,003	27,007	62,501	5,500
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,609</u>	<u>\$ 7,184</u>	<u>\$ 1,229,437</u>	<u>\$ 25,626</u>	<u>\$ 64,892</u>	<u>\$ 5,500</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2019, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	FEDERAL GRANT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR TO 1972
REVENUES									
Taxes	\$ 1,331,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,676,066
Intergovernmental	-	-	1,621,097	314,141	-	-	-	-	-
Charges for services	-	-	405,582	-	-	11,831	984,527	-	-
Fines and forfeitures	-	-	-	-	-	-	-	69,290	-
Investment earnings	-	-	(5,056)	-	-	-	-	-	-
Miscellaneous	-	-	20,458	-	-	-	-	33	-
Total revenues	1,331,636	-	2,042,081	314,141	-	11,831	984,527	69,323	5,676,066
EXPENDITURES									
Current:									
General government	-	-	-	82,933	-	11,464	687,117	-	-
Public safety	-	-	-	103,245	-	-	-	85,395	-
Public works and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	1,277,399	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Transportation	-	-	2,757,392	-	-	-	-	-	-
Capital Outlay	-	-	-	164,630	-	-	88,513	17,499	-
Debt Service	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	5,265,978
Interest and fiscal charges	-	-	-	-	-	-	-	-	371,730
Total expenditures	1,277,399	-	2,757,392	350,808	-	11,464	775,630	102,894	5,637,708
Excess (deficiency) of revenues over expenditures	54,237	-	(715,311)	(36,667)	-	367	208,897	(33,571)	38,358
OTHER FINANCING SOURCES (USES)									
Debt proceeds	-	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-	-
Transfers in	-	-	776,383	-	-	-	-	62,150	-
Transfers out	-	-	(90,914)	-	-	-	-	-	-
Total other financing sources and uses	-	-	685,469	-	-	-	-	62,150	-
Net change in fund balances	54,237	-	(29,842)	(36,667)	-	367	208,897	28,579	38,358
Fund balances - beginning	1,132,053	29,177	30,008	519,954	725,612	48,657	1,000,633	528,209	1,219,007
Fund balances - ending	\$ 1,186,290	\$ 29,177	\$ 166	\$ 483,287	\$ 725,612	\$ 49,024	\$ 1,209,530	\$ 556,788	\$ 1,257,365

(continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2019, (Continued)

CAPITAL PROJECT FUNDS										
	2012 CIP Fund	CIP	CAPITAL OUTLAY ROLLING STOCK	2005 CIP Fund	CAPITAL IMPROVEMENT FUND 2008	AD Valorem 2005	AD Valorem 2012	2016 CIP Fund	Street and GO Bond Fund	TOTALS
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,007,702
Intergovernmental	-	384,320	-	-	-	-	-	-	-	3,583,829
Charges for services	-	71,026	-	-	-	-	-	-	-	1,712,571
Fines and forfeitures	-	-	-	-	-	-	-	-	-	1,107,656
Investment earnings	219,717	48,306	-	957	-	18,067	27,667	419,609	377,241	1,116,449
Miscellaneous	-	150,902	12,742	550	-	-	-	-	-	806,654
Total revenues	<u>219,717</u>	<u>654,554</u>	<u>12,742</u>	<u>1,507</u>	<u>-</u>	<u>18,067</u>	<u>27,667</u>	<u>419,609</u>	<u>377,241</u>	<u>15,334,861</u>
EXPENDITURES										
Current:										
General government	-	238,236	-	-	-	-	-	1,379	-	2,347,301
Public safety	-	-	-	-	-	-	-	-	-	1,836,797
Public works and streets	-	-	-	-	-	-	-	-	185,235	972,747
Culture and recreation	-	-	-	-	-	-	-	-	-	1,289,174
Community development	-	-	-	-	-	-	-	-	-	899,906
Transportation	-	-	-	-	-	-	-	-	-	2,757,392
Capital Outlay	3,761,536	277,398	3,850,180	-	(41,718)	2,301	-	3,376,177	932,378	12,725,851
Debt Service										
Principal	-	-	679,925	-	-	-	-	1,237,988	-	7,204,058
Interest and fiscal charges	-	-	-	-	-	-	-	230,342	-	635,839
Total expenditures	<u>3,761,536</u>	<u>515,634</u>	<u>4,530,105</u>	<u>-</u>	<u>(41,718)</u>	<u>2,301</u>	<u>-</u>	<u>4,845,886</u>	<u>1,117,613</u>	<u>30,669,065</u>
Excess (deficiency) of revenues over expenditures	<u>(3,541,819)</u>	<u>138,920</u>	<u>(4,517,363)</u>	<u>1,507</u>	<u>41,718</u>	<u>15,766</u>	<u>27,667</u>	<u>(4,426,277)</u>	<u>(740,372)</u>	<u>(15,334,204)</u>
OTHER FINANCING SOURCES (USES)										
Debt proceeds	-	-	1,240,049	-	-	-	-	-	11,000,000	12,240,049
Debt issuance premium	-	-	-	-	-	-	-	-	381,104	381,104
Transfers in	302,507	65,000	2,865,043	-	-	-	-	22,832,543	-	28,802,725
Transfers out	(1,856,864)	-	-	(762,745)	(2,145,042)	-	-	(7,801,680)	-	(12,662,362)
Total other financing sources and uses	<u>(1,554,357)</u>	<u>65,000</u>	<u>4,105,092</u>	<u>(762,745)</u>	<u>(2,145,042)</u>	<u>-</u>	<u>-</u>	<u>15,030,863</u>	<u>11,381,104</u>	<u>28,761,516</u>
Net change in fund balances	(5,096,176)	203,920	(412,271)	(761,238)	(2,103,324)	15,766	27,667	10,604,586	10,640,732	13,427,312
Fund balances - beginning	10,869,326	3,230,779	4,149,870	761,238	2,103,324	677,619	777,659	170,087	987,489	31,954,604
Fund balances - ending	<u>\$ 5,773,150</u>	<u>\$ 3,434,699</u>	<u>\$ 3,737,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,385</u>	<u>\$ 805,326</u>	<u>\$ 10,774,673</u>	<u>\$ 11,628,221</u>	<u>\$ 45,381,916</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts – June 30, 2019

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 4,337,439	\$ -	\$ 4,141,876	\$ 20,006	\$ 60,649	\$ 123,387	\$ 1,456	\$ -	\$ 633,450	\$ 9,318,263
Cash and cash equivalents, restricted	-	1,714,983	-	1,812,520	-	157,090	-	-	-	3,684,593
Investments	-	-	-	-	-	496,085	-	-	-	496,085
Accounts receivable, net	-	-	-	5,440,446	-	-	-	-	395,121	5,835,567
Interest receivable	-	-	-	-	-	363	-	-	-	363
Due from other governments	2,976,537	-	-	-	-	-	-	-	-	2,976,537
Total current assets	7,313,976	1,714,983	4,141,876	7,272,972	60,649	776,925	1,456	-	1,028,571	22,311,408
Non-current assets:										
Cash and cash equivalents, restricted	-	-	-	4,242,370	-	-	-	-	-	4,242,370
Land and construction in progress	-	-	10,413,082	-	-	-	-	-	-	10,413,082
Other capital assets, net	1,817,844	-	177,162,003	28,814,923	162,112	-	-	-	-	207,956,882
Total non-current assets	1,817,844	-	187,575,085	33,057,293	162,112	-	-	-	-	222,612,334
Total assets	9,131,820	1,714,983	191,716,961	40,330,265	222,761	776,925	1,456	-	1,028,571	244,923,742
DEFERRED OUTFLOW OF RESOURCES										
Deferred amounts related to pension	169,051	-	944,678	-	151,610	-	-	-	-	1,265,339
Deferred amounts related to OPEB	-	-	114,045	-	-	-	-	-	-	114,045
Deferred amount on refunding	-	-	-	1,515,494	-	-	-	-	-	1,515,494
Total deferred outflow of resources	169,051	-	1,058,723	1,515,494	151,610	-	-	-	-	2,894,878
LIABILITIES										
Current liabilities:										
Accounts payable and accrued liabilities	160,737	-	509,969	-	23,585	-	204	-	55,977	750,472
Accrued interest payable	-	-	-	242,291	-	-	-	-	-	242,291
Accrued compensated absences	18,954	-	95,375	-	-	-	-	-	-	114,329
Landfill post closure liability	-	-	1,342,358	-	-	-	-	-	-	1,342,358
Contract payable - Waurika note	-	-	-	1,537,830	-	-	-	-	-	1,537,830
Worker's compensation liability	-	-	227,843	-	-	-	-	-	-	227,843
Total OPEB liability	-	-	110,979	-	-	-	-	-	-	110,979
Notes payable	-	-	-	313,221	-	-	-	-	-	313,221
Revenue bonds payable	-	-	-	2,388,411	-	-	-	-	-	2,388,411
Total current liabilities	179,691	-	2,286,524	4,481,753	23,585	-	204	-	55,977	7,027,734
Non-current liabilities:										
Accrued compensated absences	139,655	-	702,740	-	-	-	-	-	-	842,395
Landfill post closure liability	-	-	5,832,495	-	-	-	-	-	-	5,832,495
Contract payable - Waurika note	-	-	-	27,193,706	-	-	-	-	-	27,193,706
Worker's compensation liability	-	-	227,842	-	-	-	-	-	-	227,842
Total OPEB liability	-	-	2,618,451	-	-	-	-	-	-	2,618,451
Notes payable	-	-	-	5,265,209	-	-	-	-	-	5,265,209
Revenue bond payable, net	-	-	-	12,569,688	-	-	-	-	-	12,569,688
Net pension liability	1,632,322	-	8,349,100	-	567,012	-	-	-	-	10,548,434
Total non-current liabilities	1,771,977	-	17,730,628	45,028,603	567,012	-	-	-	-	65,098,220
Total liabilities	1,951,668	-	20,017,152	49,510,356	590,597	-	204	-	55,977	72,125,954
DEFERRED INFLOW OF RESOURCES										
Deferred amounts related to pensions	273,679	-	590,822	-	59,246	-	-	-	-	923,747
Deferred amounts related to OPEB	-	-	893,321	-	-	-	-	-	-	893,321
Total deferred inflow of resources	273,679	-	1,484,143	-	59,246	-	-	-	-	1,817,068
NET POSITION										
Net investment in capital assets	1,817,844	-	187,575,805	(10,268,041)	162,112	-	-	-	-	179,287,720
Restricted for debt service	-	1,714,983	-	1,570,229	-	-	-	-	-	3,285,212
Restricted for landfill financial assurance	-	-	-	-	-	157,090	-	-	-	157,090
Unrestricted (deficit)	5,257,680	-	(16,301,416)	1,033,215	(437,584)	619,835	1,252	-	972,594	(8,854,424)
Total net position	\$ 7,075,524	\$ 1,714,983	\$ 171,274,389	\$ (7,664,597)	\$ (275,472)	\$ 776,925	\$ 1,252	\$ -	\$ 972,594	\$ 173,875,598

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Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts– Year ended June 30, 2019

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
REVENUES										
Charges for services	\$ -	\$ -	\$ -	\$ 40,812,581	\$ -	\$ -	\$ 263,174	\$ -	\$ 3,443,803	\$ 44,519,558
Other sources	-	-	-	189,177	-	-	-	-	-	189,177
Operating grants	393,804	-	-	-	-	-	-	-	-	393,804
Total operating revenues	<u>393,804</u>	<u>-</u>	<u>-</u>	<u>41,001,758</u>	<u>-</u>	<u>-</u>	<u>263,174</u>	<u>-</u>	<u>3,443,803</u>	<u>45,102,539</u>
OPERATING EXPENSES										
Public works operations	5,425,804	-	10,554,069	186,687	701,494	751	207,525	-	984,080	18,060,410
Depreciation expense	469,633	-	9,293,484	383,711	58,396	-	-	-	-	10,205,224
Landfill closure expense	-	-	648,032	-	-	-	-	-	-	648,032
Total operating expenses	<u>5,895,437</u>	<u>-</u>	<u>20,495,585</u>	<u>570,398</u>	<u>759,890</u>	<u>751</u>	<u>207,525</u>	<u>-</u>	<u>984,080</u>	<u>28,913,666</u>
Operating income (loss)	<u>(5,501,633)</u>	<u>-</u>	<u>(20,495,585)</u>	<u>40,431,360</u>	<u>(759,890)</u>	<u>(751)</u>	<u>55,649</u>	<u>-</u>	<u>2,459,723</u>	<u>16,188,873</u>
NON-OPERATING REVENUES (EXPENSES)										
Investment income	38,006	-	-	134,693	-	14,098	-	-	-	186,797
Interest expense and fiscal charges	-	-	-	(495,577)	-	-	-	-	(959,797)	(1,455,374)
Gain on asset retirement	20,065	-	20,774	-	-	-	-	-	-	40,839
Other non-operating revenue	248	-	-	35,469	-	-	-	-	-	35,717
Capital assets purchased for governmental activities	-	-	(146,466)	-	-	-	-	-	-	(146,466)
Total non-operating revenue (expenses)	<u>58,319</u>	<u>-</u>	<u>(125,692)</u>	<u>(325,415)</u>	<u>-</u>	<u>14,098</u>	<u>-</u>	<u>-</u>	<u>(959,797)</u>	<u>(1,338,487)</u>
Income (loss) before contributions and transfers	<u>(5,443,314)</u>	<u>-</u>	<u>(20,621,277)</u>	<u>40,105,945</u>	<u>(759,890)</u>	<u>13,347</u>	<u>55,649</u>	<u>-</u>	<u>1,499,926</u>	<u>14,850,386</u>
Capital Contributions	-	-	294,684	-	-	-	-	-	-	294,684
Capital Contributions from governmental activities	-	-	2,088,886	-	23,118	-	-	-	-	2,112,004
Interaccount transfers in	4,568,767	951,137	36,563,140	2,283,003	218,000	-	-	-	-	44,584,047
Interaccount transfers out	-	(769,018)	(100,000)	(42,200,904)	-	-	-	(140)	(1,513,985)	(44,584,047)
Transfers in	5,241,683	-	3,159	4,419,276	454,840	-	-	-	-	10,118,958
Transfers out	-	-	(19,431,303)	(11,178,528)	-	-	-	-	-	(30,609,831)
Change in net position	<u>4,367,136</u>	<u>182,119</u>	<u>(1,202,711)</u>	<u>(6,571,208)</u>	<u>(63,932)</u>	<u>13,347</u>	<u>55,649</u>	<u>(140)</u>	<u>(14,059)</u>	<u>(3,233,799)</u>
Total net position - beginning	<u>2,708,388</u>	<u>1,532,864</u>	<u>172,477,100</u>	<u>(1,093,389)</u>	<u>(211,540)</u>	<u>763,578</u>	<u>(54,397)</u>	<u>140</u>	<u>986,653</u>	<u>177,109,397</u>
Total net position - ending	<u>\$ 7,075,524</u>	<u>\$ 1,714,983</u>	<u>\$ 171,274,389</u>	<u>\$ (7,664,597)</u>	<u>\$ (275,472)</u>	<u>\$ 776,925</u>	<u>\$ 1,252</u>	<u>\$ -</u>	<u>\$ 972,594</u>	<u>\$ 173,875,598</u>

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Combining Cash Flow Statement – Lawton Water Authority (LWA) Enterprise Fund Accounts – Year ended June 30, 2019

	Enterprise Fund									
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 248	\$ -	\$ -	\$ 41,888,205	\$ -	\$ -	\$ 263,174	\$ -	\$ 3,503,142	\$ 45,654,769
Payments to suppliers	(3,847,241)	-	(2,741,863)	(186,687)	(57,608)	(751)	(235,017)	-	(984,259)	(8,033,426)
Payments to employees	(1,756,603)	-	(7,650,723)	-	(610,329)	-	-	-	-	(10,017,655)
Net cash provided by (used in) operating activities	(5,603,596)	-	(10,392,586)	41,701,518	(667,937)	(751)	28,157	-	2,518,883	27,583,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from other funds	5,241,683	-	3,159	4,419,276	454,840	-	-	-	-	10,118,958
Transfers to other funds	-	-	(19,431,303)	(11,178,528)	-	-	-	-	-	(30,609,831)
Interaccount transfer in	4,568,767	951,137	36,563,140	2,283,003	218,000	-	-	-	-	44,584,047
Interaccount transfer out	-	(769,018)	(100,000)	(42,200,004)	-	-	-	(140)	(1,513,985)	(44,584,047)
Principal paid on debt	-	-	-	(218,943)	-	-	-	-	-	(218,943)
Interest and fiscal agent fees paid on debt	-	-	-	-	-	-	-	-	(152,144)	(152,144)
Net cash provided by (used in) noncapital financing activities	9,810,450	182,119	17,034,996	(46,896,090)	672,840	-	-	(140)	(1,666,129)	(20,861,960)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital assets purchased	(396,305)	-	(3,538,172)	-	-	-	-	-	-	(3,934,477)
Principal paid on debt	-	-	-	(7,575,275)	-	-	-	-	-	(7,575,275)
Proceeds from debt	-	-	-	4,565,625	-	-	-	-	-	4,565,625
Interest and fiscal agent fees paid on debt	-	-	-	(438,287)	-	-	-	-	(807,653)	(1,245,940)
Net cash provided by (used in) capital and related financing activities	(396,305)	-	(3,538,172)	(3,447,937)	-	-	-	-	(807,653)	(8,190,067)
CASH FLOWS FROM INVESTING ACTIVITIES										
Sale of investments	-	-	-	-	-	3,915	-	-	-	3,915
Interest and dividends	38,006	-	-	134,692	-	13,768	-	-	-	186,466
Net cash provided by investing activities	38,006	-	-	134,692	-	17,683	-	-	-	190,381
Net increase (decrease) in cash and cash equivalents	3,848,555	182,119	3,104,238	(8,507,823)	4,903	16,932	28,157	(140)	45,101	(1,277,958)
Balances - beginning of year	488,484	1,532,864	1,037,638	14,582,719	55,746	263,545	(26,701)	140	588,349	18,523,184
Balances - end of year	\$ 4,337,439	\$ 1,714,983	\$ 4,141,876	\$ 6,074,896	\$ 60,649	\$ 280,477	\$ 1,456	\$ -	\$ 633,450	\$ 17,245,226
Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$ 4,337,439	\$ -	\$ 4,141,876	\$ 20,006	\$ 60,649	\$ 123,387	\$ 1,456	\$ -	\$ 633,450	\$ 9,318,263
Restricted cash and cash equivalents - current	-	1,714,983	-	1,812,520	-	157,090	-	-	-	3,684,593
Restricted cash and cash equivalents - noncurrent	-	-	-	4,242,370	-	-	-	-	-	4,242,370
Total cash and cash equivalents, end of year	\$ 4,337,439	\$ 1,714,983	\$ 4,141,876	\$ 6,074,896	\$ 60,649	\$ 280,477	\$ 1,456	\$ -	\$ 633,450	\$ 17,245,226
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$ (5,501,633)	\$ -	\$ (20,495,585)	\$ 40,431,360	\$ (759,890)	\$ (751)	\$ 55,649	\$ -	\$ 2,459,723	\$ 16,188,873
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	469,633	-	9,293,484	383,711	58,396	-	-	-	-	10,205,224
Other nonoperating revenue	248	-	-	35,469	-	-	-	-	-	35,717
Change in assets and liabilities:										
Receivables, net	-	-	-	850,978	-	-	-	-	59,339	910,317
Due from other governments	(393,804)	-	-	-	-	-	-	-	-	(393,804)
Deferred outflows related to pension	52,066	-	283,710	-	(95,185)	-	-	-	-	240,591
Deferred outflows related to OPEB	-	-	31,011	-	-	-	-	-	-	31,011
Accounts payable	(217,193)	-	(134,271)	-	1,405	-	(27,492)	-	(179)	(377,730)
Due to employees	5,679	-	22,675	-	-	-	-	-	-	28,354
Claims liability	-	-	(90,897)	-	-	-	-	-	-	(90,897)
Landfill closure liability	-	-	648,032	-	-	-	-	-	-	648,032
Total OPEB liability	-	-	(595,417)	-	-	-	-	-	-	(595,417)
Net pension liability	(208,544)	-	(259,838)	-	97,258	-	-	-	-	(371,124)
Accrued compensated absences	15,174	-	(61,137)	-	-	-	-	-	-	(45,963)
Deferred inflows related to OPEB	-	-	654,668	-	-	-	-	-	-	654,668
Deferred inflows related to pension	174,778	-	310,979	-	20,079	-	-	-	-	515,836
Net cash provided by (used in) operating activities	\$ (5,603,596)	\$ -	\$ (10,392,586)	\$ 41,701,518	\$ (667,937)	\$ (751)	\$ 28,157	\$ -	\$ 2,518,883	\$ 27,583,688
Noncash activities:										
Asset contributed by others	\$ -	\$ -	\$ 2,383,570	\$ -	\$ 23,118	\$ -	\$ -	\$ -	\$ -	\$ 2,406,688
	\$ -	\$ -	\$ 2,383,570	\$ -	\$ 23,118	\$ -	\$ -	\$ -	\$ -	\$ 2,406,688

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Combining Statement of Net Position – Internal Service Funds – June 30, 2019

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Group Health Insurance</u>	<u>Worker's Comp</u>	<u>Information Technology Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 929,283	\$ 1,818	\$ -	\$ 931,101
Accounts receivable, net	34,315	-	-	34,315
Total current assets	<u>963,598</u>	<u>1,818</u>	<u>-</u>	<u>965,416</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	718,401	718,401
Other capital assets, net	-	-	72,338	72,338
Total non-current assets	<u>-</u>	<u>-</u>	<u>790,739</u>	<u>790,739</u>
Total assets	<u>963,598</u>	<u>1,818</u>	<u>790,739</u>	<u>1,756,155</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	194,588	-	62,571	257,159
Due to other funds	250,000	-	-	250,000
Accrued compensated absences	-	-	27,197	27,197
Total current liabilities	<u>444,588</u>	<u>-</u>	<u>89,768</u>	<u>534,356</u>
Non-current liabilities:				
Accrued compensated absences	-	-	200,395	200,395
Claims liability	1,370,853	-	-	1,370,853
Total non-current liabilities	<u>1,370,853</u>	<u>-</u>	<u>200,395</u>	<u>1,571,248</u>
Total liabilities	<u>1,815,441</u>	<u>-</u>	<u>290,163</u>	<u>2,105,604</u>
NET POSITION				
Net investment in capital assets	-	-	790,739	790,739
Unrestricted (deficit)	(851,843)	1,818	(290,163)	(1,140,188)
Total net position	<u>\$ (851,843)</u>	<u>\$ 1,818</u>	<u>\$ 500,576</u>	<u>\$ (349,449)</u>

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Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2019

	Internal Service Funds			Total
	Group Health Insurance	Worker's Comp	Information Technology Fund	
REVENUES				
Charges for services	\$ 8,858,405	\$ -	\$ 1,512,874	\$ 10,371,279
Total operating revenues	<u>8,858,405</u>	<u>-</u>	<u>1,512,874</u>	<u>10,371,279</u>
OPERATING EXPENSES				
General government and claims	10,521,984	-	-	10,521,984
Computer service operations	-	-	1,405,317	1,405,317
Depreciation expense	-	-	22,043	22,043
Total operating expenses	<u>10,521,984</u>	<u>-</u>	<u>1,427,360</u>	<u>11,949,344</u>
Operating income (loss)	<u>(1,663,579)</u>	<u>-</u>	<u>85,514</u>	<u>(1,578,065)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	20,815	963	-	21,778
Other non-operating revenue	603,451	-	-	603,451
Gain on asset retirement	-	-	360	360
Capital assets purchased for governmental activities	-	-	(61,315)	(61,315)
Total non-operating revenues	<u>624,266</u>	<u>963</u>	<u>(60,955)</u>	<u>564,274</u>
Income (loss) before contributions and transfers	<u>(1,039,313)</u>	<u>963</u>	<u>24,559</u>	<u>(1,013,791)</u>
Capital contributions	-	-	96,688	96,688
Capital Contributions from governmental activities	-	-	649,700	649,700
Transfers out	-	-	(3,159)	(3,159)
Change in net position	<u>(1,039,313)</u>	<u>963</u>	<u>767,788</u>	<u>(270,562)</u>
Total net position - beginning	<u>187,470</u>	<u>855</u>	<u>(267,212)</u>	<u>(78,887)</u>
Total net position - ending	<u>\$ (851,843)</u>	<u>\$ 1,818</u>	<u>\$ 500,576</u>	<u>\$ (349,449)</u>

**CITY OF LAWTON, OKLAHOMA
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Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2019

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 9,427,541	\$ -	\$ 1,512,874	\$ 10,940,415
Payments to suppliers	(245,845)	-	(412,244)	(658,089)
Payments to employees	-	-	(1,004,971)	(1,004,971)
Payments from other funds	250,000	-	-	250,000
Claims and benefits paid	(9,900,387)	-	-	(9,900,387)
Net Cash Provided by (used in) Operating Activities	<u>(468,691)</u>	<u>-</u>	<u>95,659</u>	<u>(373,032)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(31,187)	(31,187)
Capital assets purchased for other funds	-	-	(64,474)	(64,474)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(95,661)</u>	<u>(95,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	20,815	963	-	21,778
Net Cash Provided by Investing Activities	<u>20,815</u>	<u>963</u>	<u>-</u>	<u>21,778</u>
Net Increase (decrease) in Cash and Cash Equivalents	<u>(447,876)</u>	<u>963</u>	<u>(2)</u>	<u>(446,915)</u>
Balances - beginning of the year	<u>1,377,159</u>	<u>855</u>	<u>2</u>	<u>1,378,016</u>
Balances - end of the year	<u>\$ 929,283</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 931,101</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 929,283	\$ 1,818	\$ -	\$ 931,101
Total cash and cash equivalents	<u>\$ 929,283</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 931,101</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,663,579)	\$ -	\$ 85,514	\$ (1,578,065)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	22,043	22,043
Other miscellaneous revenue	603,451	-	-	603,451
Change in assets and liabilities:				
Receivables, net	(34,315)	-	-	(34,315)
Due from other funds	250,000	-	-	250,000
Accounts payable	194,588	-	13,921	208,509
Accrued compensated absences	-	-	(25,819)	(25,819)
Claims liability	181,164	-	-	181,164
Net Cash Provided by (used in) Operating Activities	<u>\$ (468,691)</u>	<u>\$ -</u>	<u>\$ 95,659</u>	<u>\$ (373,032)</u>
Noncash activities:				
Assets contributed by others	\$ -	\$ -	\$ 746,388	\$ 746,388
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746,388</u>	<u>\$ 746,388</u>

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Debt Service Coverage Schedule - Year Ended June 30, 2019

		OWRB Series 2001A, 2001B, 2003A, 2003B, 2003C, 2003D, 2004A, 2005, 2006A, & 2009 Promissory Notes
GROSS REVENUE AVAILABLE:		
Charges for services (all utility revenues)	\$	44,519,558
Other resources		189,177
Investment income		186,797
		186,797
Total Gross Revenue Available		44,895,532
OPERATING EXPENSES:		
Total Operating Expenses		18,708,442
Net Revenue Available for Debt Service	\$	26,187,090
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	\$	8,162,252
Computed Coverage		321%
Coverage Requirement		125%