

Annual Financial Statements and Independent Auditor's Report

For Fiscal Year Ended June 30, 2020

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, 2020**

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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, 2020, 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%, 370% and 77% 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 59%, 65% and 20% 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.

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, 2020, 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
of the City Council of the
City of Lawton, Oklahoma
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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
April 6, 2021

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**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the City's total net position increased by \$15.2 million or 5.46% from the prior year, while the negative portion of the unrestricted net position decreased by \$5.6 million or 11.0%.
- During the year, the City's expenses for governmental activities were \$86.8 million and were funded by program revenues of \$15.6 million and further funded with taxes and other general revenues, including transfers in, that totaled \$81.1 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$21.3 million.
- Sales and use taxes increased by \$2.1 million or 4.3% over the prior fiscal year.
- At June 30, 2020, the General Fund reported an unassigned fund balance of \$10.5 million.
- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$2.3 million or 3.9%, while expenditures were under final appropriations by \$1.8 million or 3.26%.
- The City and the Lawton Water Authority issued new debt totaling \$17.8 million excluding judgments payable. The debt was issued to provide funding for capital improvements for streets, information technology 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
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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, 2020**

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
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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 \$293 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.)
	2020	2019		2020	2019		2020	2019	
Current assets	\$ 90,621	\$ 88,821	2%	\$ 29,425	\$ 22,312	32%	\$ 120,046	\$ 111,133	8%
Capital assets, net	167,394	152,849	10%	216,137	218,370	-1%	383,531	371,219	3%
Other noncurrent assets	216	1,497	-86%	4,284	4,242	1%	4,500	5,739	-22%
Total assets	<u>258,231</u>	<u>243,167</u>	6%	<u>249,846</u>	<u>244,924</u>	2%	<u>508,077</u>	<u>488,091</u>	4%
Deferred outflows	<u>16,448</u>	<u>14,297</u>	15%	<u>3,292</u>	<u>2,895</u>	14%	<u>19,740</u>	<u>17,192</u>	15%
Current liabilities	19,865	19,248	3%	7,242	7,028	3%	27,107	26,276	3%
Noncurrent liabilities	128,674	122,528	5%	64,598	65,098	-1%	193,272	187,626	3%
Total liabilities	<u>148,539</u>	<u>141,776</u>	5%	<u>71,840</u>	<u>72,126</u>	0%	<u>220,379</u>	<u>213,902</u>	3%
Deferred inflows	<u>11,966</u>	<u>11,402</u>	5%	<u>2,123</u>	<u>1,817</u>	17%	<u>14,089</u>	<u>13,219</u>	7%
Net position									
Net investment in capital assets	132,377	118,430	12%	177,594	179,288	-1%	309,971	297,718	4%
Restricted	24,820	27,698	-10%	3,660	3,442	6%	28,480	31,140	-9%
Unrestricted (deficit)	(43,022)	(41,842)	-3%	(2,079)	(8,854)	77%	(45,101)	(50,696)	11%
Total net position	<u>\$ 114,175</u>	<u>\$ 104,286</u>	9%	<u>\$ 179,175</u>	<u>\$ 173,876</u>	3%	<u>\$ 293,350</u>	<u>\$ 278,162</u>	5%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2020, this net investment in capital assets amounted to \$310 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, \$28.5 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position creates an unrestricted net position deficit of \$45.1 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, 2020**

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

Governmental Activities:

Other noncurrent assets – Decrease \$1.3 million (86%) due to the change in net pension asset being reported for police pension.

Deferred outflow – Increase of \$2.2 million (15%) due to an increase in deferred pension outflows.

Business-Type Activities:

Current assets – Increased by \$7.1 million (32%) due to the increase in non-restricted cash and due to an increase in accounts receivable.

Changes in Net Position

For the year ended June 30, 2020, 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.)
	2020	2019		2020	2019		2020	2019	
Revenues									
Charges for service	\$ 7,574	\$ 8,163	-7%	\$ 48,373	\$ 44,520	9%	\$ 55,947	\$ 52,683	6%
Operating grants and contributions	7,569	7,272	4%	1	338	100%	7,570	7,610	-1%
Capital grants and contributions	464	388	20%	608	351	73%	1,072	739	45%
General revenues:									
Sales and use taxes	52,117	49,984	4%	-	-	-	52,117	49,984	4%
Other taxes and intergovernmental revenues	9,833	11,514	-15%	-	-	-	9,833	11,514	-15%
Investment income	1,341	2,006	-33%	94	187	-50%	1,435	2,193	-35%
Miscellaneous	1,442	1,461	-1%	237	225	5%	1,679	1,686	0%
Total revenues	80,340	80,788	-1%	49,313	45,621	8%	129,653	126,409	3%
Expenses									
General government	19,594	19,251	2%	-	-	-	19,594	19,251	2%
Public safety	42,563	34,735	23%	-	-	-	42,563	34,735	23%
Streets	9,866	9,047	9%	-	-	-	9,866	9,047	9%
Education	1,667	2,500	-33%	-	-	-	1,667	2,500	-33%
Transportation	2,733	2,757	-1%	-	-	-	2,733	2,757	-1%
Culture and recreation	8,061	8,324	-3%	-	-	-	8,061	8,324	-3%
Community/economic development	876	828	6%	-	-	-	876	828	6%
Interest	1,428	1,506	-5%	-	-	-	1,428	1,506	-5%
Water	-	-	-	12,821	8,982	43%	12,821	8,982	43%
Wastewater	-	-	-	9,834	15,016	-35%	9,834	15,016	-35%
Sanitation	-	-	-	5,023	6,331	-21%	5,023	6,331	-21%
Total expenses	86,788	78,948	10%	27,678	30,329	-9%	114,466	109,277	-5%
Excess (deficiency) before transfers	(6,448)	1,840	-450%	21,635	15,292	41%	15,187	17,132	-11%
Transfers	16,336	18,525	12%	(16,336)	(18,525)	-12%	-	-	-
Change in net position	9,888	20,365	-51%	5,299	(3,233)	-264%	15,187	17,132	-11%

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

Governmental Activities:

Public Safety function – increase of \$7.8 million (23%) due to an increase in pension and OPEB expense.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-Type Activities:

Water expenses – increase of \$3.8 million (43%) due to an increase in repair and maintenance costs and electric costs.

Wastewater expenses – decrease of \$5.2 million (35%) due to a decrease in operational expenses.

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.

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense)		% Inc. (Dec.)
	of Services			of Services		
	2020	2019		2020	2019	
General government	\$ 19,594	\$ 19,251	2%	\$ (13,735)	\$ (12,779)	7%
Public safety	42,563	34,735	23%	(36,773)	(29,425)	25%
Streets	9,866	9,047	9%	(9,780)	(8,693)	13%
Education	1,667	2,500	-33%	(1,667)	(2,500)	-33%
Transportation	2,733	2,757	-1%	(478)	(731)	-35%
Community/economic development	876	828	6%	48	68	-29%
Culture, parks and recreation	8,061	8,324	-3%	(7,367)	(7,559)	-3%
Interest on long-term debt	1,428	1,506	-5%	(1,428)	(1,506)	-5%
Total	<u>\$ 86,788</u>	<u>\$ 78,948</u>	10%	<u>\$ (71,180)</u>	<u>\$ (63,125)</u>	13%

For the year ended June 30, 2020 total expenses for governmental activities amounted to \$86.8 million, an increase of 10% from the prior year. See Table 2 above for explanations of changes in excess of \$1 million and 20%.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
	Water	\$ 12,821		\$ 8,982	43%	
Wastewater	9,834	15,016	-35%	919	(4,841)	-119%
Sanitation	5,023	6,331	-21%	6,960	4,885	42%
Total	\$ 27,678	\$ 30,329	-9%	\$ 21,304	\$ 14,880	43%

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 \$21.3 million for the year ended June 30, 2020.
- Individual activities/services reported net revenue for the year ended June 30, 2020.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined total fund balance of \$85.0 million or a 5.96% increase from 2019. The proprietary funds reported combined total net position of \$179.2 million or a 3.05% increase from 2019.

Other fund highlights include:

- For the year ended June 30, 2020, the General Fund's total fund balance increased by \$2.2 million or 11.3%.
- The 2015 CIP Fund's total fund balance decreased by \$1.8 million or 142.9% due to capital projects.
- The Lawton Industrial Development Authority fund balance increased by \$2 million due to loan proceeds of \$7.6 million.
- The Street and GO Bond Fund fund balance increased by \$6.0 million due to the issuance of \$6.3 million of GO Bonds for street purposes.

General Fund Budgetary Highlights

- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$2.3 million or 3.9%, while expenditures were under final appropriations by \$1.8 million or 3.26%.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the City had \$384 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 \$12.3 million or 3.3% over the prior year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 5,057	\$ 4,891	\$ 1,893	\$ 1,893	6,950	\$ 6,784
Buildings and utility infrastructure	31,976	33,144	170,212	172,358	202,188	205,502
Machinery, furniture and equipment	8,364	64,545	6,362	6,783	14,726	71,328
Infrastructure	65,211	9,737	-	-	65,211	9,737
Water rights	-	-	28,291	28,815	28,291	28,815
Construction in progress	56,786	40,531	9,379	8,520	66,165	49,051
Totals	\$ 167,394	\$ 152,848	\$ 216,137	\$ 218,369	\$ 383,531	\$ 371,217

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 \$131.6 million in long-term liabilities outstanding which represents a \$7.3 million or 5.9% increase from the prior year. The increase is due to the City issuing \$18.6 million of new debt and retiring \$13.3 million. The City's changes in long-term liabilities by type of debt are as follows:

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accrued compensated absences	\$ 5,938	\$ 5,832	\$ 939	\$ 956	\$ 6,877	\$ 6,788
General obligation bonds	24,850	20,225	-	-	24,850	20,225
Debt premium	446	414	1,021	1,089	1,467	1,503
Worker's Compensation liability	555	713	517	456	1,072	1,169
Judgment payable	875	1,101	-	-	875	1,101
Revenue Bonds payable	35,860	33,342	14,570	14,958	50,430	48,300
Notes payable	1,122	1,216	9,154	5,578	10,276	6,794
Contracts payable	-	-	25,704	27,643	25,704	27,643
Capital lease obligations	3,098	3,615	-	-	3,098	3,615
Landfill Closure and Post-Closure	-	-	6,965	7,175	6,965	7,175
Totals	\$ 72,744	\$ 66,458	\$ 58,870	\$ 57,855	\$ 131,614	\$ 124,313

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2020**

The City's latest unenhanced S&P Global Bond rating is "AA-", which was obtained on October 29, 2020. 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 2020-2021

The City of Lawton has been very proactive in positioning the community for future success. The City too remains aware of local economic issues, as well as federal and state economic and budget issues. The City continues to adapt to the current economic climate and ensure the citizens of Lawton receive the best possible services.

Because Lawton is an expanding municipality, the Council will always be challenged to grow revenues, as well as to try to locate new revenue sources. The City has faced much uncertainty in recent times as a result of the global pandemic. Fortunately, the City's fiscal health has not experienced significant impacts and is confident this positive trend will continue in the coming months.

In February 2020, the Citizens of Lawton passed the capital improvement plan entitled PROPEL, or Pursuing Renewed Opportunity and Projects to Elevate Lawton. The approval of this program ceased the continuation of the 2015 Sales Tax Extension and 2016 CIP and carried forward their combined 2.125% sales tax through December 2034. Collections will cover projects from the prior programs as well as newly identified ones.

In February 2017, the Citizens of Lawton approved a series of general obligation bonds in the amount of \$55,300,000 to be funded over a thirteen year period for improvements to the City's streets and roadways. As of June 30, 2020, the city had issued \$20,600,000 of those GO Bonds. In December 2020, an additional \$4,590,000 in general obligation bonds were issued.

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.

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

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
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Statement of Net Position– June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 73,983,632	\$ 16,784,001	\$ 90,767,633	\$ 2,029,815
Cash and cash equivalents, restricted current	-	3,835,173	3,835,173	160
Investments	3,785,301	502,255	4,287,556	1,224,129
Interest receivable	33,534	843	34,377	19
Accounts receivable, net	868,755	7,877,447	8,746,202	1,359,794
Inventory	192,334	-	192,334	104,563
Prepaid items	584	-	584	305,833
Taxes receivable	11,108,254	425,448	11,533,702	1,443,676
Other assets	-	-	-	5,727
Advance to component unit	648,472	-	648,472	-
Cash and cash equivalents, restricted noncurrent	-	4,283,678	4,283,678	1,427,099
Net pension asset	216,068	-	216,068	-
Land held for resale	-	-	-	2,654,679
Capital assets:				
Land and construction in progress	61,843,159	11,272,588	73,115,747	2,698,167
Other capital assets, net of depreciation	105,550,913	204,864,419	310,415,332	26,742,878
Total Assets	<u>258,231,006</u>	<u>249,845,852</u>	<u>508,076,858</u>	<u>39,996,539</u>
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	15,476,062	1,666,232	17,142,294	-
Deferred amount related to OPEB	972,078	203,612	1,175,690	-
Deferred amount on refunding	-	1,422,232	1,422,232	-
Total deferred outflows	<u>16,448,140</u>	<u>3,292,076</u>	<u>19,740,216</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	7,799,800	712,582	8,512,382	620,850
Accrued interest payable	514,551	175,092	689,643	464,630
Unearned revenue	-	-	-	56,752
Advance from primary government	-	-	-	861,168
Long-term liabilities:				
Due within one year	11,550,313	6,353,728	17,904,041	1,238,988
Due in more than one year	128,673,973	64,598,422	193,272,395	27,614,513
Total liabilities	<u>148,538,637</u>	<u>71,839,824</u>	<u>220,378,461</u>	<u>30,856,901</u>
DEFERRED INFLOWS:				
Deferred amounts related to pensions	8,736,904	1,160,258	9,897,162	-
Deferred amounts related to OPEB	3,228,700	962,859	4,191,559	-
Total deferred inflows	<u>11,965,604</u>	<u>2,123,117</u>	<u>14,088,721</u>	<u>-</u>
NET POSITION:				
Net investment in capital assets	132,376,879	177,593,949	309,970,828	29,407,332
Net Position:				
Restricted	24,819,742	3,660,081	28,479,823	2,712,794
Unrestricted (deficit)	<u>(43,021,716)</u>	<u>(2,079,043)</u>	<u>(45,100,759)</u>	<u>(22,980,488)</u>
Total net position	<u>\$ 114,174,905</u>	<u>\$ 179,174,987</u>	<u>\$ 293,349,892</u>	<u>\$ 9,139,638</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, 2020

Statement of Activities –Year Ended June 30, 2020

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	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 19,594,184	\$ 5,540,410	\$ 186,521	\$ 132,135	\$ (13,735,118)	\$ -	\$ (13,735,118)	\$ -
Public Safety	42,562,723	1,136,802	4,441,980	210,257	(36,773,684)	-	(36,773,684)	-
Streets	9,866,176	71,481	-	15,000	(9,779,695)	-	(9,779,695)	-
Culture and recreation	8,060,788	468,254	119,010	106,447	(7,367,077)	-	(7,367,077)	-
Community development	875,827	50,053	874,089	-	48,315	-	48,315	-
Education	1,666,667	-	-	-	(1,666,667)	-	(1,666,667)	-
Transportation	2,733,406	307,360	1,947,584	-	(478,462)	-	(478,462)	-
Interest on long-term debt	1,428,084	-	-	-	(1,428,084)	-	(1,428,084)	-
Total governmental activities	86,787,855	7,574,360	7,569,184	463,839	(71,180,472)	-	(71,180,472)	-
Business-type activities:								
Water	12,821,323	26,108,706	-	137,980	-	13,425,363	13,425,363	-
Wastewater	9,833,588	10,295,457	1,376	455,530	-	918,775	918,775	-
Sanitation	5,023,451	11,968,863	-	15,000	-	6,960,412	6,960,412	-
Total business-type activities	27,678,362	48,373,026	1,376	608,510	-	21,304,550	21,304,550	-
Total primary government	114,466,217	55,947,386	7,570,560	1,072,349	(71,180,472)	21,304,550	(49,875,922)	-
Component Units:								
Airport	4,108,484	2,259,557	716,256	4,368,932	-	-	-	3,236,261
Culture and Recreation	1,347,669	226,677	1,693,094	1,250	-	-	-	573,352
Economic Development	2,217,660	-	2,004,798	-	-	-	-	(212,862)
Transportation	240,422	-	240,422	-	-	-	-	-
Total component units	7,914,235	2,486,234	4,654,570	4,370,182	-	-	-	3,596,751
General revenues:								
Taxes:								
Sales and use taxes					52,116,796	-	52,116,796	-
Property tax					4,224,415	-	4,224,415	-
Franchise and public service taxes					2,389,204	-	2,389,204	-
Hotel/motel taxes					1,235,971	-	1,235,971	-
Intergovernmental revenue not restricted to specific programs					1,982,896	-	1,982,896	-
Investment income					1,340,865	94,058	1,434,923	-
Miscellaneous					1,442,638	236,938	1,679,576	1,504
Transfers - internal activity					16,336,157	(16,336,157)	-	-
Total general revenues and transfers					81,068,942	(16,005,161)	65,063,781	1,504
Change in net position					9,888,470	5,299,389	15,187,859	3,598,255
Net position - beginning					104,286,435	173,875,598	278,162,033	5,541,383
Net position - ending					\$ 114,174,905	\$ 179,174,987	\$ 293,349,892	\$ 9,139,638

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet - June 30, 2020

	<u>General Fund</u>	<u>2015 CIP</u>	<u>Lawton Industrial Development Authority</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 10,579,523	\$ 1,808,685	\$ 15,747,612	\$ 17,887,757	\$ 27,798,969	\$ 73,822,546
Investments	1,496,303	-	-	-	2,288,998	3,785,301
Receivables:						
Accounts receivable	58,981	-	-	-	787,948	846,929
Accrued interest receivable	8,674	-	-	-	24,860	33,534
Advance to component unit	-	-	-	-	648,472	648,472
Due from other funds	1,584,984	-	-	-	97,619	1,682,603
Due from other governments	10,539,686	-	-	-	568,568	11,108,254
Inventory	192,334	-	-	-	-	192,334
Prepaid item	584	-	-	-	-	584
Total assets	<u>\$ 24,461,069</u>	<u>\$ 1,808,685</u>	<u>\$ 15,747,612</u>	<u>\$ 17,887,757</u>	<u>\$ 32,215,434</u>	<u>\$ 92,120,557</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,346,785	\$ 2,363,797	\$ -	\$ 214,671	\$ 1,708,373	\$ 6,633,626
Due to other funds	97,619	-	-	-	6,335	104,154
Total liabilities	<u>2,444,404</u>	<u>2,363,797</u>	<u>-</u>	<u>214,671</u>	<u>1,714,908</u>	<u>6,737,780</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	396,556	396,556
Fund balances:						
Nonspendable	192,334	-	-	-	-	192,334
Restricted	-	-	15,747,612	17,673,086	21,827,132	55,247,830
Committed	2,891,967	-	-	-	98,641	2,990,608
Assigned	8,417,218	-	-	-	8,187,464	16,604,682
Unassigned (deficit)	10,515,146	(555,112)	-	-	(9,267)	9,950,767
Total fund balances	<u>22,016,665</u>	<u>(555,112)</u>	<u>15,747,612</u>	<u>17,673,086</u>	<u>30,103,970</u>	<u>84,986,221</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,461,069</u>	<u>\$ 1,808,685</u>	<u>\$ 15,747,612</u>	<u>\$ 17,887,757</u>	<u>\$ 32,215,434</u>	<u>\$ 92,120,557</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, 2020

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	84,986,221	
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 \$104,664,893 and net of Internal Service Fund capital assets of \$3,490,694			
		163,903,378	
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with deferred outflows, are not reported in this fund financial statement:			
Mortgages receivable related to deferred inflows		396,556	
Net pension asset		216,068	Firefighters
Pension related deferred outflows		15,476,062	
OPEB related deferred outflows		972,078	
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		(3,098,419)	
General obligations bonds		(24,850,000)	
Accrued interest payable		(514,551)	
Unamortized bond premium		(446,452)	
Notes payable		(1,122,000)	
Judgments payable		(874,654)	
Revenue notes payable		(35,860,311)	
Total OPEB liability		(11,210,017)	
Accrued compensated absences		(5,825,877)	
Net pension liability		(56,269,712)	
Pension related deferred inflows		(8,736,904)	
OPEB related deferred inflows		(3,228,700)	
Accrued workers compensation claims		(554,667)	
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		816,806	
Net Position of Governmental Activities in the Statement of Net Position	\$	114,174,905	

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2020

	<u>General Fund</u>	<u>2015 CIP</u>	<u>Lawton Industrial Development Authority</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 54,942,997	\$ -	\$ -	\$ -	\$ 5,460,386	\$ 60,403,383
Intergovernmental	5,921,423	-	-	-	3,668,179	9,589,602
Charges for services	671,210	-	-	-	1,709,744	2,380,954
Fines and forfeitures	2,626,569	-	-	-	1,069,065	3,695,634
Licenses and permits	979,019	-	-	-	-	979,019
Investment income	315,659	36,639	189,937	308,664	489,966	1,340,865
Miscellaneous	982,187	-	-	-	904,886	1,887,073
Total revenues	66,439,064	36,639	189,937	308,664	13,302,226	80,276,530
EXPENDITURES						
Current:						
General government	8,833,383	37,226	144,620	-	2,299,788	11,315,017
Public Safety	36,678,503	-	-	-	2,053,347	38,731,850
Public works and streets	7,888,498	-	-	161,041	779,883	8,829,422
Education	-	1,666,667	-	-	-	1,666,667
Culture and recreation	5,975,099	-	-	-	1,190,807	7,165,906
Community development	-	-	-	-	858,747	858,747
Transportation	-	-	-	-	2,733,406	2,733,406
Capital Outlay	558,304	11,813,244	-	517,831	13,317,788	26,207,167
Debt Service:						
Principal	153,733	-	3,845,000	-	4,014,723	8,013,456
Interest and fiscal charges	65,854	7,171	588,508	-	1,022,253	1,683,786
Total expenditures	60,153,374	13,524,308	4,578,128	678,872	28,270,742	107,205,424
Excess (deficiency) of revenues over expenditures	6,285,690	(13,487,669)	(4,388,191)	(370,208)	(14,968,516)	(26,928,894)
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	7,640,000	6,300,000	-	13,940,000
Debt issuance premium	-	-	-	115,073	-	115,073
Transfers in	22,121,840	15,620,589	5,385,063	-	21,054,227	64,181,719
Transfers out	(26,177,328)	(3,981,554)	(6,631,745)	-	(9,735,436)	(46,526,063)
Total other financing sources (uses)	(4,055,488)	11,639,035	6,393,318	6,415,073	11,318,791	31,710,729
Net change in fund balances	2,230,202	(1,848,634)	2,005,127	6,044,865	(3,649,725)	4,781,835
Fund balances - beginning	19,786,463	1,293,522	13,742,485	11,628,221	33,753,695	80,204,386
Fund balances - ending	<u>\$ 22,016,665</u>	<u>\$ (555,112)</u>	<u>\$ 15,747,612</u>	<u>\$ 17,673,086</u>	<u>\$ 30,103,970</u>	<u>\$ 84,986,221</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, 2020**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	4,781,835
<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		19,145,444
Capital assets donated		150,488
Capital assets transferred from business type activities		101,570
Capital assets transferred to business type activities		(19,589)
Depreciation expense		(7,513,647)
Disposed capital assets		(19,466)
<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>		
		(1,891,946)
<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		(24,775)
<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		(379,350)
Judgment payments		606,378
Debt proceeds		(13,940,000)
Debt premium		(115,073)
General obligation bonds principal payments		1,675,000
Revenue note principal payments		5,121,589
Note payable principal payments		94,000
Capital lease principal payments		516,489
<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		566,781
Change in accrued compensated absences		(222,136)
Change in total OPEB liability		(152,378)
Amortization of bond premium		82,929
Change in accrued workers comp claim		158,072
<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		1,166,255
Change in net position of governmental activities	<u>\$</u>	<u>9,888,470</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, 2020**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position - June 30, 2020

	Lawton Water Authority - Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,784,001	\$ 161,086
Investments	502,255	-
Cash and cash equivalents, restricted	3,835,173	-
Accounts receivable, net of allowance \$2,237,301	7,877,447	21,826
Interest receivable	843	-
Due from other governments	425,448	-
Total current assets	29,425,167	182,912
Noncurrent assets:		
Cash and cash equivalents, restricted	4,283,678	-
Land and construction in progress	11,272,588	3,347,597
Other capital assets, net	204,864,419	143,097
Total noncurrent assets	220,420,685	3,490,694
Total assets	249,845,852	3,673,606
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	1,666,232	-
Deferred amounts related to OPEB	203,612	-
Deferred amount on refunding	1,422,232	-
	3,292,076	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	712,582	86,270
Accrued interest payable	175,092	-
Due to other funds	-	1,578,449
Accrued compensated absences	112,206	13,405
Landfill post closure liability	958,795	-
Contract payable - Waurika note	2,149,978	-
Worker's compensation liability	258,602	-
Total OPEB liability	108,603	-
Notes payable	315,220	-
Revenue bonds payable	2,450,324	-
Total current liabilities	7,241,402	1,678,124
Noncurrent liabilities:		
Accrued compensated absences	826,761	98,772
Landfill post closure liability	6,006,001	-
Claims liability	-	1,079,904
Contract payable - Waurika note	24,575,548	-
Worker's compensation liability	258,601	-
Total OPEB liability	2,649,417	-
Notes payable	8,838,631	-
Revenue bond payable, net	10,119,365	-
Net pension liability	11,324,098	-
Total noncurrent liabilities	64,598,422	1,178,676
Total liabilities	71,839,824	2,856,800
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	1,160,258	-
Deferred amounts related to OPEB	962,859	-
	2,123,117	-
NET POSITION		
Net investment in capital assets	177,593,949	3,490,538
Restricted for debt service	3,501,495	-
Restricted for landfill financial assurance	158,586	-
Unrestricted (deficit)	(2,079,043)	(2,673,732)
Total net position	\$ 179,174,987	\$ 816,806

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2020

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 48,373,026	\$ 10,682,336
Other sources	212,525	-
Operating grants	1,376	-
Total operating revenues	48,586,927	10,682,336
OPERATING EXPENSES		
General government and claims	-	12,640,031
Public works operations	16,869,040	-
Computer service operations	-	1,410,365
Depreciation expense	9,705,359	48,631
Landfill closure expense	(210,057)	-
Total operating expenses	26,364,342	14,099,027
Operating income (loss)	22,222,585	(3,416,691)
NONOPERATING REVENUES (EXPENSES)		
Investment income	94,058	1,047
Interest expense and fiscal charges	(1,332,663)	-
Gain on asset retirement	18,643	-
Other non-operating revenue	36,097	1,864,269
Forgiveness of debt	379,206	-
Capital assets purchased for governmental activities	(101,570)	(27,581)
Total nonoperating revenue (expenses)	(906,229)	1,837,735
Income (loss) before contributions and transfers	21,316,356	(1,578,956)
Capital asset transfers in and capital contributions	1,638,689	2,745,211
Transfers in	8,696,924	-
Transfers out	(26,352,580)	-
Change in net position	5,299,389	1,166,255
Total net position - beginning	173,875,598	(349,449)
Total net position - ending	\$ 179,174,987	\$ 816,806

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020

	<u>Lawton Water</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 49,132,233	\$ -
Receipts from interfund services provided	-	12,559,094
Payments to suppliers	(7,939,665)	(1,596,996)
Payments to employees	(8,303,661)	(1,136,438)
Receipts from (payments on) interfund loan	-	1,328,449
Claims and benefits paid	-	(11,894,215)
Net cash provided by (used in) operating activities	<u>32,888,907</u>	<u>(740,106)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	8,696,924	-
Transfers to other funds	(26,352,580)	-
Principal paid on debt	(227,139)	-
Interest and fiscal agent fees paid on debt	(161,827)	-
Net cash provided by (used in) noncapital financing activities	<u>(18,044,622)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(5,851,011)	(3,540)
Capital assets purchased for other funds	(65,629)	(27,416)
Principal paid on debt	(4,034,308)	-
Interest and fiscal charges paid on debt	(1,211,760)	-
Proceeds from debt	3,888,641	-
Net cash provided by (used in) capital and related financing activities	<u>(7,274,067)</u>	<u>(30,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(6,170)	-
Interest and dividends	93,578	1,047
Net cash provided by investing activities	<u>87,408</u>	<u>1,047</u>
Net increase (decrease) in cash and cash equivalents	7,657,626	(770,015)
Balances - beginning of year	<u>17,245,226</u>	<u>931,101</u>
Balances - end of year	<u>\$ 24,902,852</u>	<u>\$ 161,086</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 16,784,001	\$ 161,086
Restricted cash and cash equivalents - current	3,835,173	-
Restricted cash and cash equivalents - noncurrent	4,283,678	-
Total cash and cash equivalents, end of year	<u>\$ 24,902,852</u>	<u>\$ 161,086</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 22,222,585	\$ (3,416,691)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	9,705,359	48,631
Other miscellaneous revenue	36,097	1,864,269
Change in assets and liabilities:		
Receivables, net	(2,041,880)	12,489
Due from other governments	2,551,089	-
Deferred outflows related to pension	(400,893)	-
Deferred outflows related to OPEB	(89,567)	-
Accounts payable	(123,077)	(170,889)
Due from other funds	-	1,325,000
Due to employees	85,187	-
Due to other funds	-	3,449
Claims liability	61,518	(290,949)
Landfill closure liability	(210,057)	-
Total OPEB liability	28,590	-
Net pension liability	775,664	-
Accrued compensated absences	(17,757)	(115,415)
Deferred inflows related to OPEB	69,538	-
Deferred inflows related to pension	236,511	-
Net cash provided by (used in) operating activities	<u>\$ 32,888,907</u>	<u>\$ (740,106)</u>
Noncash investing, capital and financing activities:		
Principal forgiveness on debt	\$ 379,206	\$ -
Book value of disposed assets	(43,640)	(165)
Noncash capital contributions received	1,916,998	2,745,211
	<u>\$ 2,252,564</u>	<u>\$ 2,745,046</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, 2020**

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Fiduciary Funds Statement of Fiduciary Net Position - June 30, 2020

	City Employees Retirement Trust Fund	Agency Funds
	<u>Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 574,183	\$ 1,590,961
Investments, at amortized cost	-	1,798,047
Investments, at fair value:		
Purchased judgments	874,654	-
United States government securities and agencies	1,754,184	-
Common stock	11,291,055	-
Mutual funds	42,158,397	-
Interest receivable	51,929	21,862
Employer contributions receivable	55,396	-
Employee contributions receivable	37,531	-
Total assets	<u>\$ 56,797,329</u>	<u>\$ 3,410,870</u>
LIABILITIES		
Due to depositors	\$ -	\$ 3,315,545
Other payables	350,279	95,325
Total liabilities	<u>\$ 350,279</u>	<u>\$ 3,410,870</u>
NET POSITION:		
Net position restricted for pensions	<u>\$ 56,447,050</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, 2020**

Pension Trust Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2020

	City Employees Retirement Trust Fund
ADDITIONS	
Contributions:	
Members	\$ 1,008,559
Employer	1,937,304
Total Contributions	2,945,863
Investment Income:	
Net increase in fair value of investments	873,369
Interest, dividends and other	2,401,794
Total Investment Income	3,275,163
Less investment expense:	
Investment activity expense	(325,275)
Net Investment Income	2,949,888
Total Additions	5,895,751
DEDUCTIONS	
Benefits paid to participants or beneficiaries	5,111,009
Refunds and transfers to other systems	1,280,896
Administrative expense	42,101
Total Deductions	6,434,006
Change in net position restricted for pensions	(538,255)
Net position - beginning	56,985,305
Net position - ending	\$ 56,447,050

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Component Units – Combining Statement of Net Position - June 30, 2020

	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	\$ 169,177	\$ 105,254	\$ 101,282	\$ 307,848	\$ 438,722	\$ 786,985	\$ 31,862	\$ 88,685	\$ 2,029,815
Restricted cash	-	-	-	-	-	160	-	-	160
Investments	-	-	-	1,224,129	-	-	-	-	1,224,129
Accounts receivable	81,500	-	2,739	43,750	286,036	835,707	-	110,062	1,359,794
Accrued interest receivable	-	-	-	19	-	-	-	-	19
Inventory	66,988	-	-	37,575	-	-	-	-	104,563
Land held for resale	-	-	-	-	-	2,654,679	-	-	2,654,679
Due from other governments	875,018	-	-	-	-	-	-	-	875,018
Prepaid items	8,868	124	148	9,406	-	-	-	-	18,546
Total current assets	1,201,551	105,378	104,169	1,622,727	724,758	4,277,531	31,862	198,747	8,266,723
Noncurrent Assets:									
Cash, including time deposits	1,427,099	-	-	-	-	-	-	-	1,427,099
Due from other governments	-	-	-	-	-	-	568,658	-	568,658
Prepaid land lease	287,287	-	-	-	-	-	-	-	287,287
Other assets	5,727	-	-	-	-	-	-	-	5,727
Capital Assets:									
Land and construction in progress	2,449,893	-	-	-	-	-	248,274	-	2,698,167
Depreciable, net of accumulated depreciation	20,306,531	-	585,159	5,841,422	-	-	-	9,766	26,742,878
Total noncurrent assets	24,476,537	-	585,159	5,841,422	-	-	816,932	9,766	31,729,816
Total Assets	25,678,088	105,378	689,328	7,464,149	724,758	4,277,531	848,794	208,513	39,996,539
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	579,542	465	1,766	34,675	600	-	-	3,802	620,850
Unearned revenue	11,262	1,640	1,350	-	-	42,500	-	-	56,752
Interest payable	-	-	-	-	-	464,630	-	-	464,630
Notes payable	207,088	-	-	96,900	-	935,000	-	-	1,238,988
Total current liabilities	797,892	2,105	3,116	131,575	600	1,442,130	-	3,802	2,381,220
Noncurrent Liabilities:									
Accrued compensated absences	26,208	-	-	6,906	-	-	-	-	33,114
Due to primary government	-	-	-	-	-	648,472	102,266	110,430	861,168
Due to other governments	-	-	-	-	-	568,658	-	-	568,658
Notes payable	22,905	-	-	-	-	26,989,836	-	-	27,012,741
Total noncurrent liabilities	49,113	-	-	6,906	-	28,206,966	102,266	110,430	28,475,681
Total Liabilities	847,005	2,105	3,116	138,481	600	29,649,096	102,266	114,232	30,856,901
NET POSITION									
Net investment in capital assets	22,722,711	-	585,159	5,841,422	-	-	248,274	9,766	29,407,332
Restricted for construction projects	1,427,099	-	-	-	-	-	-	-	1,427,099
Restricted for grant projects	-	-	-	1,285,695	-	-	-	-	1,285,695
Unrestricted (deficit)	681,273	103,273	101,053	198,551	724,158	(25,371,565)	498,254	84,515	(22,980,488)
Total Net Position	\$ 24,831,083	\$ 103,273	\$ 686,212	\$ 7,325,668	\$ 724,158	\$ (25,371,565)	\$ 746,528	\$ 94,281	\$ 9,139,638

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Component Units - Combining Statement of Activities - Year Ended June 30, 2020

	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	\$ 4,099,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,099,131
Culture and recreation	-	92,669	97,466	889,232	246,346	-	-	-	1,325,713
Economic development	-	-	-	-	-	739,704	21,956	-	761,660
Transportation	-	-	-	-	-	-	-	240,422	240,422
Interest expense	9,353	-	-	-	-	1,477,956	-	-	1,487,309
Total expenses	4,108,484	92,669	97,466	889,232	246,346	2,217,660	21,956	240,422	7,914,235
Program Revenues:									
Charges for services	2,259,557	45,620	18,612	162,445	-	-	-	-	2,486,234
Operating grants and contributions	716,256	48,802	381,537	640,185	622,570	2,004,798	-	240,422	4,654,570
Capital grants and contributions	4,368,932	-	-	-	-	-	1,250	-	4,370,182
Total program revenues	7,344,745	94,422	400,149	802,630	622,570	2,004,798	1,250	240,422	11,510,986
Net revenue (expense)	3,236,261	1,753	302,683	(86,602)	376,224	(212,862)	(20,706)	-	3,596,751
General Revenues (Expense):									
Investment income	12,197	-	537	(14,852)	351	3,119	57	95	1,504
Total general revenues	12,197	-	537	(14,852)	351	3,119	57	95	1,504
Change in Net Position	3,248,458	1,753	303,220	(101,454)	376,575	(209,743)	(20,649)	95	3,598,255
Net Position, beginning of year, restated	21,582,625	101,520	382,992	7,427,122	347,583	(25,161,822)	767,177	94,186	5,541,383
Net Position, end of year	\$ 24,831,083	\$ 103,273	\$ 686,212	\$ 7,325,668	\$ 724,158	\$ (25,371,565)	\$ 746,528	\$ 94,281	\$ 9,139,638

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Component Units Combining - Governmental Funds Balance Sheet - June 30, 2020

	<u>LAWTON ENHANCEMENT TRUST AUTHORITY</u>	<u>LAWTON ECONOMIC DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 438,722	\$ 787,145	\$ 1,225,867
Accounts receivable	286,036	835,707	1,121,743
Land held for resale	-	2,654,679	2,654,679
Total assets	724,758	4,277,531	5,002,289
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	600	-	600
Due to other primary government	-	648,472	648,472
Due to other government	-	568,658	568,658
Interest payable	-	3,486	3,486
	600	1,220,616	1,221,216
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	42,500	42,500
Fund balances:			
Nonspendable	-	2,654,679	2,654,679
Committed	724,158	-	724,158
Unassigned	-	359,736	359,736
Total fund balances	724,158	3,014,415	3,738,573
Total liabilities, deferred inflows and fund balances	\$ 724,758	\$ 4,277,531	\$ 5,002,289
Reconciliation to Government Wide Statement of Net Position:			
Total fund balance, governmental discretely presented component units	724,158	3,014,415	3,738,573
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	-	(461,144)	(461,144)
Notes payable	-	(27,924,836)	(27,924,836)
Net Position of Governmental Activities in the Statement of Net Position	\$ 724,158	\$ (25,371,565)	\$ (24,647,407)

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Component Units Combining - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2020

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
REVENUES			
Intergovernmental	\$ -	\$ 1,131,063	\$ 1,131,063
Investment income	351	3,118	3,469
Miscellaneous	622,570	873,735	1,496,305
Total revenues	622,921	2,007,916	2,630,837
EXPENDITURES			
Current:			
Culture and recreation	246,346	-	246,346
Economic development	-	739,703	739,703
Debt Service:			
Principal	-	129,193	129,193
Interest and fiscal charges	-	1,560,270	1,560,270
Total expenditures	246,346	2,429,166	2,675,512
Excess (deficiency) of revenues over expenditures	376,575	(421,250)	(44,675)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	347,328	347,328
Total other financing sources (uses)	-	347,328	347,328
Net change in fund balances	376,575	(73,922)	302,653
Fund balances - beginning	347,583	3,088,337	3,435,920
Fund balances - ending	\$ 724,158	\$ 3,014,415	\$ 3,738,573
Reconciliation to Government Wide Statement of Activities:			
Net change in fund balance :	376,575	(73,922)	302,653
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	-	129,193	129,193
Loan proceeds	-	(347,328)	(347,328)
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	-	82,314	82,314
Change in Net Position of Governmental Activities in the Statement of Activities	\$ 376,575	\$ (209,743)	\$ 166,832

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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, 2020**

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.
- Street and GO Bond Fund – accounts for general obligation bond proceeds and other revenues restricted for the construction and improvements to the street system.

Aggregated Nonmajor Funds (reported as Other Governmental Funds):

Special Revenue Funds: Public Library Fund, Small Business Loan Fund, CDBG Fund, 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.

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- Ad Valorem 2005 Fund- accounts for sales tax restricted for capital projects.
- 2012 Ad Valorem – accounts for loan proceeds for construction.
- Capital Outlay Rolling Stock Fund – accounts for transfers from other funds for the purchase of capital assets
- 2012 CIP Fund (capital project fund) – accounts for various projects funded through debt proceeds.
- 2016 CIP Fund (capital project fund) – accounts for projects related to the fire station construction.
- 2019 CIP Fund (capital project fund) – accounts for transfers from other funds for the construction of capital assets.

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.

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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
- Machinery, furniture, and equipment 3-25 years
- Water rights 100 years

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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 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.

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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:

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- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements:

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

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

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

1.D. Revenues, Expenditures and Expenses

Program Revenues:

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

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

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.

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

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

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2020, the City's net assessed valuation of taxable property was \$440,472,769. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2020 was \$9.29.

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.

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.

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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.

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, 2020 by these entities are as follows:

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Schedule of Deposits and Investments by Type - June 30, 2020

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	\$ 80,298,807	n/a	n/a	\$ 80,298,807	\$ -	\$ -	\$ -	\$ -	
Time deposits	3,073,728	n/a	Level II	-	1,040,000	2,033,728	-	-	
Money Market Accounts	20,715,558	n/a	n/a	20,715,558	-	-	-	-	
U.S. Treasury Obligations	503,996	AA+	Level I	-	503,996	-	-	-	
U.S. Agencies Obligations	4,299,326	AA+	Level II	-	502,735	2,042,407	-	1,754,184	
Sub-Total	\$ 108,891,415			\$ 101,014,365	\$ 2,046,731	\$ 4,076,135	\$ -	\$ 1,754,184	
Mutual Funds	42,158,397	n/a	Level I						
Common stock	11,291,055	n/a	Level I						
Purchased judgments	874,654	n/a	Level III						
Total Deposits and Investments	\$ 163,215,521								
Reconciliation to Financial Statements:									
Cash and cash equivalents	\$ 90,767,633								
Cash and cash equivalents, restricted - current	3,835,173								
Cash and cash equivalents, restricted - noncurrent	4,283,678								
Investments	4,287,556								
Retirement fund investments:									
Judgments purchased as investments	874,654								
Mutual funds and other investments	42,158,397								
U.S. government security agencies	1,754,184								
Common stock	11,291,055								
Retirement fund cash and cash equivalents	574,183								
Agency fund cash and cash equivalents	1,590,961								
Agency fund investments	1,798,047								
	\$ 163,215,521								

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

At June 30, 2020, 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 Museum of the Great Plains which had approximately \$300 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;

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- 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, 2020, the investments held by the City mature between 2020 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, 2020, the City has 15.81% of their investments in FHLB, 2.88% in FHLMC, 8.02% in FNMA, 70.16% in common stock, and 3.13% in US Treasuries or agency obligations.

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, 2020 are as follows:

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Restricted Cash and Cash Equivalents and Investments:

Landfill Financial Trust	\$	158,586
Public Works Debt Service		1,768,415
Series 2001B Promissory Note Debt Service		103
Series 2011 Sales Tax Utility Revenue Bond Debt Service		124,448
Series 2013 Sales Tax Utility Revenue note - debt service		497,483
Series 2016 Sales Tax Utility Revenue Bond:		
Debt Service		1,286,138
Construction		4,283,678
	<u>\$</u>	<u>8,118,851</u>

Reconciliation to Proprietary Statement of Net Position:

Cash and cash equivalents, current	\$	3,835,173
Cash and cash equivalents, non current		4,283,678
	<u>\$</u>	<u>8,118,851</u>

Restricted cash of the Lawton Economic Development Authority is related to debt service accounts for the outstanding note payable totaling \$160.

2.B. Accounts Receivable

Significant account receivable balances at June 30, 2020 were:

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activites</u>	<u>Total</u>
Accounts Receivable:			
Emergency Communication Fees	\$ 122,732	\$ -	\$ 122,732
Utilities	-	9,276,490	9,276,490
Capital Fee	-	390,567	390,567
Landfill fees	46,015	-	46,015
Drainage maintenance fee	182,544	-	182,544
Hotel/Motel	78,123	-	78,123
Stormwater mainteance fees	28,402	-	28,402
Sewer rehab fees	-	64,369	64,369
Miscellaneous	94,892	-	94,892
Mortgages receivable	398,547	-	398,547
Allowance for uncollectible	(82,500)	(1,853,979)	(1,936,479)
	<u>\$ 868,755</u>	<u>\$ 7,877,447</u>	<u>\$ 8,746,202</u>

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2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2020, capital assets balances changed as follows:

	Balance at July 1, 2019	Additions	Deductions	Transfers	Balance at June 30, 2020
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 4,891,214	\$ 165,665	\$ -	\$ -	\$ 5,056,879
Construction in progress	40,530,818	21,336,680	(4,589,249)	(491,969)	56,786,280
Total capital assets not being depreciated	<u>45,422,032</u>	<u>21,502,345</u>	<u>(4,589,249)</u>	<u>(491,969)</u>	<u>61,843,159</u>
Other capital assets:					
Buildings and improvements	57,103,533	78,660	-	-	57,182,193
Infrastructure	107,660,830	4,168,995	-	-	111,829,825
Machinery, furniture and equipment	42,293,844	1,441,027	(1,233,779)	113,666	42,614,758
Intangibles	91,963	-	-	-	91,963
Total other capital assets	<u>207,150,170</u>	<u>5,688,682</u>	<u>(1,233,779)</u>	<u>113,666</u>	<u>211,718,739</u>
Less accumulated depreciation for:					
Buildings and improvements	23,959,160	1,246,853	-	-	25,206,013
Infrastructure	43,115,016	3,503,657	-	-	46,618,673
Machinery, furniture and equipment	32,648,709	2,811,768	(1,214,330)	96,993	34,343,140
Total accumulated depreciation	<u>99,722,885</u>	<u>7,562,278</u>	<u>(1,214,330)</u>	<u>96,993</u>	<u>106,167,826</u>
Other capital assets, net	<u>107,427,285</u>	<u>(1,873,596)</u>	<u>(19,449)</u>	<u>16,673</u>	<u>105,550,913</u>
Governmental activities capital assets, net	<u>\$ 152,849,317</u>	<u>\$ 19,628,749</u>	<u>\$ (4,608,698)</u>	<u>\$ (475,296)</u>	<u>\$ 167,394,072</u>
	Balance at July 1, 2019	Additions	Deductions	Transfers	Balance at June 30, 2020
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,893,571	\$ -	\$ -	\$ -	\$ 1,893,571
Construction in progress	8,519,511	5,638,515	(5,270,977)	491,968	9,379,017
Total capital assets not being depreciated	<u>10,413,082</u>	<u>5,638,515</u>	<u>(5,270,977)</u>	<u>491,968</u>	<u>11,272,588</u>
Other capital assets:					
Buildings and utility infrastructure	304,586,911	5,221,118	-	-	309,808,029
Machinery, furniture and equipment	25,556,313	1,420,303	(529,276)	(113,666)	26,333,674
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	<u>368,514,374</u>	<u>6,641,421</u>	<u>(529,276)</u>	<u>(113,666)</u>	<u>374,512,853</u>
Less accumulated depreciation for:					
Buildings and utility infrastructure	132,228,801	7,367,676	-	-	139,596,477
Machinery, furniture and equipment	18,772,465	1,813,905	(517,918)	(96,499)	19,971,953
Water rights	9,556,226	523,778	-	-	10,080,004
Total accumulated depreciation	<u>160,557,492</u>	<u>9,705,359</u>	<u>(517,918)</u>	<u>(96,499)</u>	<u>169,648,434</u>
Other capital assets, net	<u>207,956,882</u>	<u>(3,063,938)</u>	<u>(11,358)</u>	<u>(17,167)</u>	<u>204,864,419</u>
Business-type activities capital assets, net	<u>\$ 218,369,964</u>	<u>\$ 2,574,577</u>	<u>\$ (5,282,335)</u>	<u>\$ 474,801</u>	<u>\$ 216,137,007</u>

Included in the business-type activities addition is \$1.4 million of assets being constructed by the city's governmental funds (recognized as expenditures) and transferred by the City to the Lawton Water Authority Fund. These assets relate to water, sewer and landfill projects.

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	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	3,756,889	2,391,489	3,706,285	2,442,093
Total non-depreciable assets at historical cost	<u>3,764,689</u>	<u>2,391,489</u>	<u>3,706,285</u>	<u>2,449,893</u>
Depreciable:				
Runways, ramps, and roads	28,212,512	1,365,145	-	29,577,657
Buildings and improvements	10,123,087	5,155,107	-	15,278,194
Equipment and fixtures	2,969,438	39,513	-	3,008,951
Furniture and equipment	116,283	23,235	-	139,518
Total depreciable assets at historical cost	<u>41,421,320</u>	<u>6,583,000</u>	<u>\$ -</u>	<u>48,004,320</u>
Less accumulated depreciation				
Runways, ramps, and roads	19,884,133	939,416	-	20,823,549
Buildings and improvements	4,075,563	202,923	-	4,278,486
Equipment and fixtures	2,292,699	197,894	-	2,490,593
Furniture and equipment	102,736	2,425	-	105,161
Total accumulated depreciation	<u>26,355,131</u>	<u>1,342,658</u>	<u>\$ -</u>	<u>27,697,789</u>
Other capital assets, net	<u>15,066,189</u>	<u>5,240,342</u>	<u>\$ -</u>	<u>20,306,531</u>
Net depreciable assets	<u>\$ 18,830,878</u>	<u>\$ 7,631,831</u>	<u>\$ 3,706,285</u>	<u>\$ 22,756,424</u>
	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
Museum of the Great Plains Trust Authority				
Depreciable:				
Furniture and equipment	\$ 399,940	\$ 6,096	\$ 31,581	\$ 374,455
Leasehold improvements	5,220,761	17,112	33,325	5,204,548
Collections and exhibits	1,140,960	720	-	1,141,680
Copyrights	3,000	-	-	3,000
Total depreciable assets at historical cost	<u>6,764,661</u>	<u>23,928</u>	<u>64,906</u>	<u>6,723,683</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>775,955</u>	<u>155,480</u>	<u>49,174</u>	<u>882,261</u>
Net depreciable assets	<u>\$ 5,988,706</u>	<u>\$ (131,552)</u>	<u>15,732</u>	<u>\$ 5,841,422</u>
Net assets	<u>\$ 5,988,706</u>	<u>\$ (131,552)</u>	<u>15,732</u>	<u>\$ 5,841,422</u>
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	\$ 257,199	-	8,925	\$ 248,274
McMahon Auditorium Authority				
Depreciable:				
Furniture and fixtures	\$ 155,116	\$ -	\$ -	\$ 155,116
Buildings improvements	258,860	339,797	-	598,657
Machinery and equipment	73,433	2,433	-	75,866
Total depreciable assets at historical cost	<u>487,409</u>	<u>342,230</u>	<u>-</u>	<u>829,639</u>
Less accumulated depreciation				
Furniture and fixtures	36,816	19,074	-	55,890
Buildings improvements	95,227	23,506	-	118,733
Machinery and equipment	69,498	360	-	69,858
Total accumulated depreciation	<u>201,541</u>	<u>42,940</u>	<u>-</u>	<u>244,481</u>
Net depreciable assets	<u>\$ 285,868</u>	<u>\$ 299,290</u>	<u>\$ -</u>	<u>\$ 585,158</u>
Net assets	<u>\$ 285,868</u>	<u>\$ 299,290</u>	<u>\$ -</u>	<u>\$ 585,158</u>

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	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
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	\$ 15,926	\$ 1,748	\$ -	\$ 17,674
Less accumulated depreciation	5,581	2,327	-	7,908
Net depreciable assets	<u>\$ 10,345</u>	<u>\$ (579)</u>	<u>\$ -</u>	<u>\$ 9,766</u>

Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General Government	\$ 5,305,723
Public Safety	1,465,303
Streets	571,918
Culture and Recreation	170,703
Sub-total governmental funds depreciation	<u>7,513,647</u>
Allocated Internal Service Fund Depreciation	48,631
Total	<u>\$ 7,562,278</u>

Business-Type Activities:

Water	\$ 4,575,836
Wastewater	3,384,997
Sanitation	1,744,526
Total depreciation	<u>\$ 9,705,359</u>

2.D. Internal and Interfund Balances and Transfers

Internal Balances:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance	
General Fund	CDBG Fund	\$ 2,526	Grant funding	
General Fund	HOME	3,727	Reimbursement	
General Fund	Group Health	1,575,000	Reimbursement	
General Fund	Workers Comp	3,449	Reimbursement	
General Fund	TIFF	97,619	Reimbursement	
Insurance Fund	CDBG Fund	282		
Total		<u>\$ 1,682,603</u>		
Reconciliation to Fund Financial Statements:		Due From	Due To	Net Internal
		Other Funds	Other Funds	Balances
Governmental Funds		\$ 1,682,603	\$ 104,154	\$ 1,578,449
Internal Service Funds		-	1,578,449	\$(1,578,449)
Total		<u>\$ 1,682,603</u>	<u>\$ 1,682,603</u>	<u>\$ -</u>

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

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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, 2020 LEDA owed the City \$414,322. In fiscal year 2020, LEDA entered into an agreement with the City where the city would cover the upfront cost on the creation of TIF 3 at June 30, 2020 LEDA owed the City \$234,150.

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, 2020, the LMPO owed the city \$110,062.

At June 30, 2020, 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, 2020, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	Water Authority	\$ 21,649,699	Excess utility collections
General Fund	Officer Training Fund	4,753	Transfer of revenues
General Fund	LIDA	138	Close bank account
General Fund	Mass Transit	34,186	Operating subsidy
General Fund	Federal Grant	33,065	Operating subsidy
General Fund	Water Authority	400,000	Transfer of revenues
LIDA	2015 CIP Fund	3,981,554	Transfer of revenues
2015 CIP	General Fund	8,988,982	Sales tax transfer
2015 CIP	LIDA	6,631,607	Project transfer
2016 CIP Fund	General Fund	12,840,403	Sales tax transfer
2016 CIP Fund	Water Authority	1,473,882	Project transfer
LIDA	2016 CIP Fund	1,403,508	Transfer of revenues
2019 CIP Fund	General Fund	1,803,300	Debt service
Animal Steralization/Shelter	General Fund	1,698	Transfer of revenues
Capital Outlay Rolling Stock Fund	Water Authority	2,828,999	Revenue transfer
Emergency Communication	General Fund	566,500	Operating subsidy
LETA Beautification	General Fund	180,794	Transfer of revenues
Mass Transit Fund	General Fund	589,591	Operating subsidy
Officer Training	General Fund	178,063	Transfer of revenues
Police and Fire Training Fund	General Fund	51,350	Transfer of revenues
TIF Fund	General Fund	539,647	Sales tax transfer
Water Authority	2016 CIP Fund	5,710,632	Project transfer
Water Authority	2016 CIP Fund	2,549,292	Debt service
Water Authority	General Fund	437,000	Operating subsidy
		<u>\$ 72,878,643</u>	
		Transfers to	Transfers from
		Other Funds	Other Funds
<u>Reconciliation to fund financial statements:</u>			Net
Governmental Funds		\$ (46,526,063)	\$ 17,655,656
Water Authority		(26,352,580)	(17,655,656)
Totals		<u>\$ (72,878,643)</u>	<u>\$ -</u>
<u>Reconciliation to Statement of Activities:</u>			
Net Transfers			\$ 17,655,656
Capital contributions transferred from governmental funds			(1,421,069)
Capital contributions transferred from business type activities			101,570
Transfers - Internal Activity			<u>\$ 16,336,157</u>

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2.E. Long-Term Debt

For the year ended June 30, 2020, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 20,225,000	\$ 6,300,000	\$ 1,675,000	\$ 24,850,000	\$ 2,555,000
General Obligation Bond Premium	414,308	115,073	82,929	446,452	-
Revenue Notes (direct placement)	33,341,900	7,640,000	5,121,589	35,860,311	6,414,676
Judgments Payable (direct borrowing)	1,101,682	379,350	606,378	874,654	440,177
Notes Payable (direct borrowing)	1,216,000	-	94,000	1,122,000	99,000
Capital lease Obligation	3,614,908	-	516,489	3,098,419	613,132
Workers Comp Liability	712,739	-	158,072	554,667	277,334
Accrued Compensated Absences - city	5,603,741	222,136	-	5,825,877	696,192
Accrued Compensated Absences - internal service	227,592	-	115,415	112,177	13,405
Total Governmental Activities	\$ 66,457,870	\$ 14,656,559	\$ 8,369,872	\$ 72,744,557	\$ 11,108,916
Reconciliation to Statement of Net Position:					
Total OPEB liability				11,210,017	\$ 441,397
Net Pension Liability				56,269,712	-
				\$ 140,224,286	\$ 11,550,313
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 5,578,430	\$ 3,888,641	\$ 313,220	\$ 9,153,851	\$ 315,220
Revenue Notes (direct placement)	14,958,099	-	2,388,410	12,569,689	2,450,324
Contracts Payable (direct borrowing)	27,642,990	-	1,939,023	25,703,967	2,149,978
Contract Premium	1,088,546	-	66,987	1,021,559	-
Accrued Compensated Absences	956,724	-	17,757	938,967	112,206
Workers Comp Liability	455,685	61,518	-	517,203	258,602
Landfill Closure and Post-closure	7,174,853	-	210,057	6,964,796	958,795
Total Business-Type Activities	\$ 57,855,327	\$ 3,950,159	\$ 4,935,454	\$ 56,870,032	\$ 6,245,125
Reconciliation to Statement of Net Position:					
Total OPEB liability				2,758,020	108,603
Net Pension Liability				11,324,098	-
				\$ 70,952,150	\$ 6,353,728

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

General Obligation Bonds:

\$2,900,000 general obligation bonds dated June 1, 2016, payable in annual installments of \$320,000, with interest rates of 2.00% repaid by property tax levies	\$1,940,000
\$6,300,000 general obligation bonds dated December 1, 2015, payable in annual installments of \$700,000, with an interest rate of 2.0%, repaid by property tax levies	6,300,000
\$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	700,000

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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	1,110,000
\$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>3,800,000</u>
Total general obligation bonds	\$24,850,000
Premium on bonds outstanding	<u>446,452</u>
Net general obligation bonds	<u>\$25,296,452</u>

Judgments Payable (direct borrowing):

Court-assessed judgments to be paid with ad valorem taxes	<u>\$874,654</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>\$1,122,000</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.	\$6,140,311
\$7,640,000 LIDA Sales Tax Revenue Note for information technology improvements Matures July 2024, with interest of 1.86%. In the event of default the lender shall: 1) have all rights as allowed by law, the note indenture, and the sales tax agreement; 2) suit for specific performance of all covenants; or 3) acceleration of the payment of principal and interest	7,260,000

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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>22,460,000</u>
Total revenue notes	<u>\$35,860,311</u>

Capital Leases:

\$2,874,352 capital lease for IT equipment, matures August 2032 with interest at 2.55%	\$2,467,813
\$1,240,049 capital lease for 3 police cars, matures September 2022 with interest at 3.25%	417,993
\$345,885 capital lease for E911 phone system, matures December 2022 with interest at 2.49%	<u>212,613</u>
Total capital leases	<u>\$3,098,419</u>

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

Note Payable (direct borrowings):

Series 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.	\$100,428
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.	364,026
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.	235,131

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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.

8,454,266

Total Notes Payable

\$9,153,851

Revenue Notes Payable (direct placements):

\$5,270,000 revenue bond issue of 2011, with interest at 2.70%, used to refund a portion of the outstanding OWRB loans to be repaid by water, sewer, and refuse revenue.

Debt service payments are due October 1 and April 1 through October 1, 2027. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.

\$2,815,000

\$10,920,000 revenue bond issue of 2013, with interest at 2.890%, refund the OWRB Series 2006 DW and 2008 DW series notes to be repaid by sales tax revenue.

Debt service payments are due March 1 and September 1 through September 1, 2024.

In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.

4,760,000

\$20,000,000 Utility Authority Utility Sales Tax Revenue Note for various improvements matures July 2024, with interest at 1.98%, debt is split 55.14% for Governmental activities and 44.86% business-like activities. In the event of default the lender may:

1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) require that sales tax revenue be deposited directly as received with the bank; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.

4,994,689

Revenue Notes Payable

\$12,569,689

Contract Payable (direct borrowings):

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

\$681,985

\$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

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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.

8,778,807

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

4,200,098

\$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.

11,475,014

\$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.

568,063

Total Contracts Payable

\$25,703,967

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
2021	\$ 2,555,000	\$ 681,910	\$ 99,000	\$ 29,397	\$ 440,177	\$ 61,878	\$ 6,414,676	\$ 689,744	\$ 613,132	\$ 80,730
2022	3,255,000	580,143	105,000	26,786	330,360	31,482	6,536,016	585,800	273,638	66,440
2023	3,280,000	499,882	110,000	24,036	104,117	7,482	6,704,014	449,113	248,104	55,105
2024	2,660,000	416,692	117,000	21,103	-	-	6,838,313	309,116	183,175	48,732
2025	2,660,000	340,290	124,000	17,918	-	-	5,417,292	166,248	191,096	43,969
2026-2030	10,440,000	667,742	567,000	34,160	-	-	3,950,000	65,471	1,082,797	141,017
2031-2033	-	-	-	-	-	-	-	-	506,477	15,272
Total	\$ 24,850,000	\$ 3,186,659	\$ 1,122,000	\$ 153,400	\$ 874,654	\$ 100,842	\$ 35,860,311	\$ 2,265,492	\$ 3,098,419	\$ 451,265

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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
2021	\$ 315,220	\$ 516,394	\$ 2,450,424	\$ 297,451	\$ 2,149,978	\$ 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	35,590	513,080	2,651,687	109,800	1,735,847	741,832
2025	733,718	505,597	1,433,091	45,496	9,294,605	2,843,243
2026-2030	3,960,135	2,065,017	934,618	34,291	7,244,662	1,228,395
2031-2035	4,497,052	1,217,321	-	-	1,956,008	100,547
2036-2039	3,505,493	286,860	-	-	-	-
Less amount not drawn	(4,250,133)	-	-	-	-	-
Total	<u>\$ 9,153,851</u>	<u>\$ 6,132,797</u>	<u>\$ 12,569,689</u>	<u>\$ 897,695</u>	<u>\$ 25,703,967</u>	<u>\$ 7,977,830</u>

Component Unit Notes Payable

<u>Type of Debt</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Amount due in one year</u>
Component Units:					
Lawton Metropolitan Area Airport Authority:					
Note payable (direct borrowing)	\$ 98,980	\$ 142,062	\$ 11,049	\$ 229,993	\$ 207,088
Total Debt	<u>\$ 98,980</u>	<u>\$ 142,062</u>	<u>\$ 11,049</u>	<u>\$ 229,993</u>	<u>\$ 207,088</u>
Lawton Economic Development Authority:					
Note payable (direct borrowing)	\$ 27,706,701	\$ 26,653,530	\$ 26,435,395	\$ 27,924,836	\$ 935,000
Total Debt	<u>\$ 27,706,701</u>	<u>\$ 26,653,530</u>	<u>\$ 26,435,395</u>	<u>\$ 27,924,836</u>	<u>\$ 935,000</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 5.50% from delivery through August 2019, 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 September 1, 2019. Interest payment are due in March and September. The first semi-annual principal payment of \$80,000 was due September 1, 2019. In the event of default the note is subject to redemption.

\$26,572,525

\$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.

1,352,311

Total LEDA Debt

\$27,924,836

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Pledge of Future Revenues

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$2,008,570, \$1,020,000, \$1,819,430, \$1,310,000, 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 \$19,536,780. Net utility revenues received in the current year were \$32,020,626. Debt service payments of \$460,739 for the current fiscal year were 1.40% 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 \$6,964,797 reported as accrued landfill closure cost liability at June 30, 2020, represents the cumulative amount of such costs reported to date based on the use of 77.41% 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 \$2,032,980 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 2020. The City has \$791,297 set aside to fund the estimated landfill closure cost liability. At June 30, 2020, the landfill had a remaining estimated useful life of approximately seven years.

2.F. Net Position and Fund Balances

At June 30, 2020, the City's governmental activities had total restricted net position of \$24,819,742, of that amount \$2,334,257 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, 2020, the General Fund has committed fund balance for stabilization of \$2,891,967.

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	General		Major Capital Project Fund		Other		Total
	Fund	LIDA	2015 CIP Fund	Street and GO Bond Fund	Funds		
Fund Balance:							
Nonspendable:							
Inventory	\$ 192,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,334
	192,334	-	-	-	-	-	192,334
Restricted For:							
Animal control	\$ -	\$ -	\$ -	\$ -	\$ 67,019	\$ 67,019	\$ 67,019
Police operations	-	-	-	-	7,123	7,123	7,123
Public safety training	-	-	-	-	630,091	630,091	630,091
Debt service	-	-	-	-	2,421,340	2,421,340	2,421,340
Capital improvements	-	-	-	17,673,086	14,375,792	32,048,878	32,048,878
Drainage maintenance fund	-	-	-	-	1,296,155	1,296,155	1,296,155
Transportation programs	-	-	-	-	82,295	82,295	82,295
Culture and rec programs	-	-	-	-	3,945	3,945	3,945
Economic development	-	15,747,612	-	-	1,437,881	17,185,493	17,185,493
General government programs	-	-	-	-	29,177	29,177	29,177
General government grants	-	-	-	-	1,006,516	1,006,516	1,006,516
Fire education programs	-	-	-	-	11,026	11,026	11,026
Police - drug programs	-	-	-	-	249,683	249,683	249,683
Cemetery improvements	-	-	-	-	165,410	165,410	165,410
Park improvements	-	-	-	-	43,679	43,679	43,679
Sub-total restricted	-	15,747,612	-	17,673,086	21,827,132	55,247,830	55,247,830
Committed to:							
Beautification	-	-	-	-	98,641	98,641	98,641
Stabilization	2,891,967	-	-	-	-	2,891,967	2,891,967
Sub-total committed	2,891,967	-	-	-	98,641	2,990,608	2,990,608
Assigned to:							
Insurance proceeds	197,116	-	-	-	-	197,116	197,116
General government	3,650,495	-	-	-	-	3,650,495	3,650,495
Police	490,037	-	-	-	-	490,037	490,037
Culture and rec programs	78,646	-	-	-	359,222	437,868	437,868
Stormwater mitigation	324,419	-	-	-	-	324,419	324,419
Recycling	30,591	-	-	-	-	30,591	30,591
Facilities management	-	-	-	-	57,826	57,826	57,826
Supplement next fiscal year budget	3,645,914	-	-	-	-	3,645,914	3,645,914
Capital improvements	-	-	-	-	7,770,416	7,770,416	7,770,416
Sub-total assigned	8,417,218	-	-	-	8,187,464	16,604,682	16,604,682
Unassigned (deficit):	10,515,146	-	(555,112)	-	(9,267)	9,950,767	9,950,767
TOTAL FUND BALANCE	\$ 22,016,665	\$ 15,747,612	\$ (555,112)	\$ 17,673,086	\$ 30,103,970	\$ 84,986,221	\$ 84,986,221

Note 3. OTHER NOTES

3.A. Risk Management

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

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

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- 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, 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	1,168,424	1,370,853	2,539,277
Claims and changes in estimates	1,259,079	12,816,094	14,075,173
Claims payments	<u>(1,355,633)</u>	<u>(13,107,043)</u>	<u>(14,462,676)</u>
Claim liability, June 30, 2020	<u>\$ 1,071,870</u>	<u>\$ 1,079,904</u>	<u>\$ 2,151,774</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	\$ 216,068	\$ -	\$ 216,068
Net Pension Liability			
Employee Retirement System	24,799,159	11,324,098	36,123,257
Firefighters	31,470,553	-	31,470,553
	<u>56,269,712</u>	<u>11,324,098</u>	<u>67,593,810</u>
Deferred Outflows of Resources			
Employee Retirement System	3,208,044	1,666,233	4,874,277
Police	4,118,637	-	4,118,637
Firefighters	8,149,380	-	8,149,380
	<u>15,476,061</u>	<u>1,666,233</u>	<u>17,142,294</u>
Deferred Inflows of Resources			
Employee Retirement System	1,679,177	1,160,258	2,839,435
Police	1,230,065	-	1,230,065
Firefighters	5,827,662	-	5,827,662
	<u>8,736,904</u>	<u>1,160,258</u>	<u>9,897,162</u>
Pension Expense			
Employee Retirement System	2,828,162	1,291,430	4,119,592
Police	2,535,572	-	2,535,572
Firefighters	4,927,011	-	4,927,011
	<u>\$ 10,290,745</u>	<u>\$ 1,291,430</u>	<u>\$ 11,582,175</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, 2020, 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	338
Retirees or Beneficiaries receiving benefits	<u>259</u>
Total	<u>597</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, 2020, the City recognized \$2,147,282 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$17,367,488. Employee contributions for FY 2020 were \$1,013,928.

E. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 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	\$ 88,924,765	\$ 56,041,991	\$ 32,882,774
Charges for year:			
Service cost	2,343,985	-	2,343,985
Interest expense	6,002,422	-	6,002,422
Contributions - employer	-	1,996,777	(1,996,777)
Contributions - employee	-	1,139,576	(1,139,576)
Net investment income	-	3,213,171	(3,213,171)
Benefits paid	(5,366,001)	(5,366,001)	-
Change in assumptions	1,736,115	-	1,736,115
Difference between actual and expected experience	(532,723)	-	(532,723)
Plan administrative expenses	-	(40,208)	40,208
Net changes	\$ 4,183,798	\$ 943,315	\$ 3,240,483
Balances at end of year	<u>\$ 93,108,563</u>	<u>\$ 56,985,306</u>	<u>\$ 36,123,257</u>

The City reported 4,119,593 in pension expense for the year ended June 30, 2020. At June 30, 2020, 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	\$ 663,777	\$ 1,694,802
Changes of assumptions	1,419,881	-
Net difference between projected and actual earnings on pension plan investments	-	634,402
Changes in proportion and differences between City contributions and proportionate share of contributions	643,337	510,231
City contributions subsequent to the measurement date	2,147,282	-
Total	<u>\$ 4,874,277</u>	<u>\$ 2,839,435</u>

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The \$2,147,282 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, 2021. 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:	
2021	\$ 89,206
2022	(603,964)
2023	76,969
2024	206,719
2025	118,630
	<u>\$ (112,440)</u>

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

Measurement date	July 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Projected salary increases	4.25%
Mortality	Pub 2010 Gen mortality projected with MP-2018 (40% above median, 60% below median)
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, 2019 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	\$ 46,552,362	\$ 36,123,257	\$ 23,361,140

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.

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'

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annual pay. Contributions to the pension plan from the City were \$1,189,445. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$3,129,196 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$3,028,920. 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, 2020, the City reported a liability of \$31,470,553 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 2.98% at June 30, 2019 which was a decrease from its proportion measured at June 30, 2018 of 2.84%.

For the year ended June 30, 2020, the City recognized pension expense of \$4,927,011. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual plan experience	\$ 5,269,732	\$ 640,123
Net difference between projected and actual earnings on pension plan investments	-	2,278,103
Change in assumptions	-	808,460
Employer change in proportion	1,671,030	1,915,492
Difference between proportionate share and City contributions during measurement period	19,173	185,484
City contributions subsequent to the measurement date	1,189,445	-
Total	\$ 8,149,380	\$ 5,827,662

The \$1,189,445 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:

2021	\$	865,177
2022		(286,510)
2023		370,716
2024		221,115
2025		(38,225)
		\$ 1,132,273

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, 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%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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	\$ 40,637,345	\$ 31,470,553	\$ 21,404,535

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

Oklahoma Police Pension – Statewide Cost Sharing Plan

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

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

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly

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

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

Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. For the year ended June 30, 2020, contributions to the pension plan from the City were \$1,405,415. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,300,682 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 \$1,405,415. 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, 2020, the City reported an asset of \$216,068 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 3.39% at June 30, 2019, which was an increase of 0.25% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$2,535,572. At June 30, 2020, 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	\$ 129,668	\$ 1,020,154
Changes of assumptions	551,709	-
Net difference between projected and actual earnings on pension plan investments	1,974,445	-
Employer change in proportion	30,999	119,725
Difference between proportionate share and City contributions during measurement period	26,401	90,186
City contributions subsequent to the measurement date	1,405,415	-
Total	<u>\$ 4,118,637</u>	<u>\$ 1,230,065</u>

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In the year ending June 30, 2021, \$1,405,415 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:	
2021	\$ 906,129
2022	(316,311)
2023	282,877
2024	618,763
2025	(8,301)
	\$ 1,483,157

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75%
- Salary increases: 3.5% to 12% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Cost of living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
- Mortality rates:
 - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
 - Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
 - Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These

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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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private Equity	10.20%
Commodities	3.50%

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)	\$ 9,204,408	\$ (216,068)	\$ (8,181,199)

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 forfeitures as of June 30, 2020 totaled \$82,539. Contributions to the Plan for the year ended June 30, 2020, for employees and employer were \$179,868 and \$513,905, respectively, on a covered payroll of \$5,642,909. 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, 2020:

Active Employees	824
Inactive not yet receiving benefits	91
Inactive or beneficiaries receiving benefits	<u>26</u>
Total	<u>941</u>

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2019 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2019 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.50% based on the 20 year municipal bond yield from the Bond Buyer’s index
- Pay increases – 3% (pay increases used to allocate the EAN actuarial liability and service cost of the OPEB plan)
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Mortality PUB2010 Gen or Public Safety projected
- Inflation rate – 3.0%
- Medical Trend Rates – Society of Actuaries Getzen healthcare economics model

Year	Rate
2019	5.90%
2020	5.90%
2025	5.77%
2035	5.80%
2040	5.80%
2045	5.80%
2050	5.50%
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	\$ 13,526,734
Changes for the Year:	
Service cost	785,299
Interest expense	553,876
Differences between expected and actual experience	(949,085)
Change of assumptions	592,401
Benefits paid	(541,188)
Net Changes	441,303
Balance, End of Year	\$ 13,968,037

The total liability of \$13,968,037 is allocated \$11,210,017 to governmental activities and \$2,758,020 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 3.87% at June 30, 2018 to 3.50% at June 30, 2019 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, 2020, the City recognized OPEB expense of \$635,217. At June 30, 2020, 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	\$ -	\$ 1,723,621
Changes of assumptions	525,083	2,291,609
Changes in proportion	170,043	170,043
City contributions during measurement date	6,286	6,286
City benefit payments subsequent to the measurement date	474,278	-
Total	\$ 1,175,690	\$ 4,191,559

The \$474,278 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:

2021	\$	(548,901)
2022		(548,901)
2023		(548,901)
2024		(548,901)
2025		(548,901)
Thereafter		(745,642)
	<u>\$</u>	<u>(3,490,147)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's total OPEB liability	\$ 17,256,206	\$ 13,968,037	\$ 11,464,530

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates – The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.09 percent decreasing to 3.55 percent) or 1-percentage-point higher (6.09 percent decreasing to 5.55 percent) than the current healthcare cost trend rates:

	1% Decrease 4.09% decreasing to 3.55%)	Current Healthcare Cost Trend Rates (5.09 % decreasing to 4.55%)	1% Increase (6.09% decreasing to 5.55%)
City's total OPEB liability	\$ 11,545,632	\$ 13,968,037	\$ 17,061,202

3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2020:

Rogers Lane	\$	360,585
Public Safety Facility		4,802,696
E. Gore Pedestrian Bridge		261,618
Cache Rd		95,893
SW 52nd		253,207
27th/31st St. Design Gore-Ferris		105,030
Larrance Street Construction		132,687

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 2020, 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, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

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, 2020, the city had \$35,000,000 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, 2020, unrestricted deficit of \$25,371,565 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.

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Oklahoma State Statute Title 11, Section 17-211 B (1) prohibits the creation of a deficit fund balance in any fund. At June 30, 2020, the City had a deficit fund balance in the 2015 Capital Improvement Fund of \$555,112 and the State Landfill Fund of \$9,267.

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, 2020 are \$568,658. This amount represents property acquisition costs which have been paid by LURA, which pursuant to the agreement with LEDA are to be reimbursed by LEDA.

3.F. Subsequent Events

In August 2020, the City created the Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority, a discreetly presented component unit, under Title 60, Section 176 to 180.4, of Oklahoma State Statutes. The trust was created for the purpose of attracting defense contractors, high-technology industry, and innovative business to support Ft. Sill. In October 2020, the City of Lawton approved an Agreement for Funding and Limited Support to provide the FISTA Development Trust Authority \$4,175,000 to fund the operation, management, administration, maintenance and the equipping of FISTA facilities during fiscal year 2020-2021. In October, FISTA issued the \$18,895,000 Sales Tax Revenue Note, Federally Taxable Series 2020. The note matures in 2035 and carries an interest rate of 2.450%. The note is secured by a pledged sales tax agreement with the City of Lawton. Proceeds of the note were used to purchase the Central Mall Facilities totaling \$14,406,763 to develop an Innovation Park to support the functions of FISTA.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 3,403,308	\$ 3,403,308	\$ 5,081,944	\$ 1,678,636
Resources (Inflows):				
Taxes and assessments	52,063,906	52,063,906	54,046,712	1,982,806
Fees, licenses and permits	1,345,305	1,345,305	1,473,136	127,831
Rentals and sales of property	76,497	76,497	213,769	137,272
Fines and forfeitures	2,079,098	2,079,098	2,158,311	79,213
Interest earned	240,313	240,313	260,653	20,340
Other sources	547,914	547,914	496,687	(51,227)
Intergovernmental	816,246	816,246	812,863	(3,383)
Grants	59,203	59,203	49,480	(9,723)
Total Resources (Inflows)	<u>57,228,482</u>	<u>57,228,482</u>	<u>59,511,611</u>	<u>2,283,129</u>
Amounts available for appropriation	<u>60,631,790</u>	<u>60,631,790</u>	<u>64,593,555</u>	<u>3,961,765</u>
Charges to Appropriations (Outflows):				
General Government	10,284,366	10,284,366	9,042,656	1,241,710
Public Safety	30,670,001	30,670,001	31,954,623	(1,284,622)
Streets	8,631,916	8,631,916	7,410,443	1,221,473
Culture and Recreation	6,818,305	6,818,305	6,158,279	660,026
Total Charges to Appropriations	<u>56,404,588</u>	<u>56,404,588</u>	<u>54,566,001</u>	<u>1,838,587</u>
Other financing sources (uses)				
Transfers from other funds	21,685,301	21,685,301	21,759,339	74,038
Transfers to other funds	(25,690,999)	(25,690,999)	(26,683,433)	(992,434)
Total other financing sources (uses)	<u>(4,005,698)</u>	<u>(4,005,698)</u>	<u>(4,924,094)</u>	<u>(918,396)</u>
Ending Budgetary Fund Balance	<u>\$ 221,504</u>	<u>\$ 221,504</u>	<u>\$ 5,103,460</u>	<u>\$ 4,881,956</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 \$1,284,622 and transfers out exceeded appropriations by \$992,434.

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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, 2019</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2020</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 19,786,463	\$ 2,230,202	\$ 22,016,665
Increases (Decreases):			
Revenues:			
Taxes receivable	(9,047,275)	(1,366,678)	(10,413,953)
Accounts receivable	(79,683)	(92,008)	(171,691)
Accrued interest	(9,269)	595	(8,674)
Expenditures:			
Accounts payable	2,002,973	(189,584)	1,813,389
Encumbrances	(309,284)	99,623	(209,661)
Other items	(8,041)	(251,303)	(259,344)
Accounts of the General Fund:			
Hunting and Fishing	(2,666)	(11,352)	(14,018)
Reserve Account	(2,442,714)	(449,253)	(2,891,967)
Insurance Proceeds Account	(164,851)	(32,265)	(197,116)
Adult Softball Account	(57,833)	1,001	(56,832)
Court Credit Card Maint. Account	(3,601,553)	35,355	(3,566,198)
Animal License Account	(400,585)	(37,154)	(437,739)
Elmer Thomas Park Account	(7,796)	-	(7,796)
Stormwater Mitigation	(378,846)	54,427	(324,419)
RSVP Account	(26,603)	26,599	(4)
Application Fee Account	(76,061)	(5,957)	(82,018)
Special Jail Account	(61,566)	9,268	(52,298)
Real Property Account	(2,275)	-	(2,275)
Recycling Account	(30,591)	-	(30,591)
Fund Balance - Budgetary Basis	<u>\$ 5,081,944</u>	<u>\$ 21,516</u>	<u>\$ 5,103,460</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>	<u>2020</u>
City's proportion of the net pension liability (asset)	3.2939%	3.2684%	3.4845%	3.3181%	3.1418%	3.3845%
City's proportionate share of the net pension liability (asset)	\$ (1,109,030)	\$ 133,268	\$ 5,336,339	\$ 255,232	\$ (1,496,584)	\$ (216,068)
Covered payroll	\$ 9,205,946	\$ 9,261,686	\$ 9,936,252	\$ 9,894,779	\$ 9,957,075	\$ 10,137,911
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.05%	1.44%	53.71%	2.58%	15.03%	2.13%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%

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

Notes to Schedule:

Only six 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>	<u>2020</u>
Statutorily required contribution	\$ 1,203,232	\$ 1,291,715	\$ 1,300,511	\$ 1,294,420	\$ 1,338,440	\$ 1,606,427
Contributions in relation to the statutorily required contribution	<u>1,203,232</u>	<u>1,291,715</u>	<u>1,300,511</u>	<u>1,294,420</u>	<u>1,338,440</u>	<u>1,405,415</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,012</u>
City's covered payroll	\$ 9,261,686	\$ 9,936,252	\$ 9,894,779	\$ 9,957,075	\$ 10,137,911	\$ 12,357,127
Contributions as a percentage of covered payroll	12.99%	13.00%	13.14%	13.00%	13.20%	11.37%

Notes to Schedule:

Only six 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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**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>	<u>2020</u>
City's proportion of the net pension liability	2.929600%	3.069856%	3.065642%	3.108600%	2.842538%	2.978287%
City's proportionate share of the net pension liability	\$ 30,126,632	\$ 32,583,712	\$ 37,453,398	\$ 39,097,714	\$ 31,996,926	\$ 31,470,553
City's covered payroll	\$ 7,829,286	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219	\$ 7,474,467
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	402%	419%	462%	378%	421%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%

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

Notes to Schedule:

Only six 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>	<u>2020</u>
Statutorily required contribution	\$ 1,135,232	\$ 1,251,646	\$ 1,185,745	\$ 1,183,595	\$ 1,046,425	\$ 1,297,128
Contributions in relation to the statutorily required contribution	<u>1,135,232</u>	<u>1,251,646</u>	<u>1,185,745</u>	<u>1,183,595</u>	<u>1,121,790</u>	<u>1,189,445</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,365)</u>	<u>\$ 107,683</u>
Covered payroll	\$ 8,115,293	\$ 8,940,679	\$ 8,469,559	\$ 8,454,219	\$ 7,474,467	\$ 9,265,201
Contributions as a percentage of covered payroll	13.99%	14.00%	14.00%	14.00%	15.01%	12.84%

Notes to Schedule:

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

CITY OF LAWTON, OKLAHOMA
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City Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios

Last Six Fiscal Years

	2015	2016	2017	2018	2019	2020
Total pension liability						
Service cost	\$ 2,421,404	\$ 2,377,346	\$ 2,355,200	\$ 2,372,993	\$ 2,361,162	\$ 2,343,985
Interest	5,130,919	5,344,966	5,404,379	5,597,236	5,855,694	6,002,422
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	620,866	(2,103,217)	23,241	1,113,082	(1,255,352)	(532,723)
Changes of assumptions	-	-	-	-	-	1,736,115
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)	(5,366,001)
Net change in total pension liability	<u>3,171,064</u>	<u>880,196</u>	<u>2,857,148</u>	<u>3,829,002</u>	<u>2,173,744</u>	<u>4,183,798</u>
Total pension liability - beginning	<u>76,013,611</u>	<u>79,184,675</u>	<u>80,064,871</u>	<u>82,922,019</u>	<u>86,751,021</u>	<u>88,924,765</u>
Total pension liability - ending (a)	<u>\$ 79,184,675</u>	<u>\$ 80,064,871</u>	<u>\$ 82,922,019</u>	<u>\$ 86,751,021</u>	<u>\$ 88,924,765</u>	<u>\$ 93,108,563</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,144,569	\$ 2,021,594	\$ 2,068,439	\$ 2,095,587	\$ 2,077,166	\$ 1,996,777
Contributions - member	1,311,923	1,279,749	1,296,400	1,322,450	1,265,354	1,139,576
Net investment income	5,604,962	853,380	(812,694)	6,115,016	4,703,213	3,213,171
Benefit payments, including refunds of member contributions	(5,002,125)	(4,738,899)	(4,925,672)	(5,254,309)	(4,787,760)	(5,366,001)
Administrative expense	(26,618)	(19,940)	(31,020)	(29,686)	(26,409)	(40,208)
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>	<u>943,315</u>
Plan fiduciary net position - beginning	<u>47,537,321</u>	<u>51,570,032</u>	<u>50,965,916</u>	<u>48,561,369</u>	<u>52,810,427</u>	<u>56,041,991</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>	<u>\$ 56,985,306</u>
Net pension liability - ending (a) - (b)	<u>\$ 27,614,643</u>	<u>\$ 29,098,955</u>	<u>\$ 34,360,650</u>	<u>\$ 33,940,594</u>	<u>\$ 32,882,774</u>	<u>\$ 36,123,257</u>
Plan fiduciary net position as a percentage of the total pension liability	65.13%	63.66%	58.56%	60.88%	63.02%	61.20%
Covered payroll	\$ 20,593,547	\$ 20,580,295	\$ 20,903,375	\$ 21,452,987	\$ 19,969,869	\$ 18,753,645
Net pension liability as a percentage of covered-payroll	134.09%	141.39%	164.38%	158.21%	164.66%	192.62%

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

Notes to Schedule:

Only six 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				
	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 3,665,807	\$ 3,586,534	\$ 3,590,720	\$ 3,669,120	\$ 3,271,543
Contributions in relation to the actuarially determined contribution	2,147,282	1,996,777	2,077,166	2,095,587	2,068,439
Contribution deficiency (excess)	<u>\$ 1,518,525</u>	<u>\$ 1,589,757</u>	<u>\$ 1,513,554</u>	<u>\$ 1,573,533</u>	<u>\$ 1,203,104</u>
Covered employee payroll	\$ 17,367,488	\$ 18,753,645	\$ 19,955,716	\$ 20,903,375	\$ 20,580,295
Contributions as a percentage of covered-employee payroll	12.36%	10.65%	10.41%	10.03%	10.05%
	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,179,977	\$ 3,225,198	\$ 3,182,857	\$ 3,182,857	\$ 2,965,333
Contributions in relation to the actuarially determined contribution	2,021,594	2,144,569	2,239,853	2,113,599	1,920,223
Contribution deficiency (excess)	<u>\$ 1,158,383</u>	<u>\$ 1,080,629</u>	<u>\$ 943,004</u>	<u>\$ 1,069,258</u>	<u>\$ 1,045,110</u>
Covered employee payroll	\$ 20,593,547	\$ 21,612,172	\$ 22,095,022	\$ 21,136,000	\$ 22,591,000
Contributions as a percentage of covered-employee payroll	9.82%	9.92%	10.14%	10.00%	8.50%

Notes to Schedule:

Latest Valuation Date: July 1, 2019

Actuarially determined contribution rate is calculated as of July 1, 2019
July 2019 through June 2020 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 promotions)
- Investment rate of return - 6.75% per annum
- Mortality RP 2000 with cohort projection

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Schedule of Investment Returns

Last Six 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>	<u>Year Ended June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	12.36%	1.54%	-1.88%	13.15%	9.20%	5.26%

Ten year historical data was not available

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Other Postemployment Benefits

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

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 966,960	\$ 818,936	\$ 785,299
Interest	448,307	596,936	553,876
Differences between expected and actual experience	-	(1,148,166)	(949,085)
Changes of assumptions	(1,293,119)	(1,904,496)	592,401
Benefit payments	(856,164)	(691,731)	(541,188)
Net (decrease) in total OPEB liability	(734,016)	(2,328,521)	441,303
Balances at Beginning of Year	16,589,271	15,855,255	13,526,734
Balances End of Year	\$ 15,855,255	\$ 13,526,734	\$ 13,968,037
Covered employee payroll	\$ 37,800,000	\$ 38,143,000	\$ 39,157,000
Total OPEB liability as a percentage of covered-employee payroll	41.95%	35.46%	35.67%

Notes to Schedule:

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

Changes in assumption (measurement date)

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

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2020

	<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	\$ 4,370,358	\$ 14,018	\$ 1,395,664	\$ 196,591	\$ 31,901	\$ 60,015	\$ 3,566,198	\$ 437,589
Investments	-	-	1,496,303	-	-	-	-	-
Receivables:								
Accounts receivable	50,957	-	-	243	133	-	-	150
Accrued interest receivable	8,674	-	-	-	-	-	-	-
Due from other funds	1,579,654	-	-	282	5,048	-	-	-
Due from other governments	10,539,686	-	-	-	-	-	-	-
Inventory	192,334	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	584	-	-	-
Total assets	<u>16,741,663</u>	<u>14,018</u>	<u>2,891,967</u>	<u>197,116</u>	<u>37,666</u>	<u>60,015</u>	<u>3,566,198</u>	<u>437,739</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	2,290,650	-	-	-	37,666	3,183	-	-
Due to other funds	97,619	-	-	-	-	-	-	-
Total liabilities	<u>2,388,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,666</u>	<u>3,183</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	192,334	-	-	-	-	-	-	-
Committed	-	-	2,891,967	-	-	-	-	-
Assigned	3,645,914	14,018	-	197,116	-	56,832	3,566,198	437,739
Unassigned	10,515,146	-	-	-	-	-	-	-
Total fund balances	<u>14,353,394</u>	<u>14,018</u>	<u>2,891,967</u>	<u>197,116</u>	<u>-</u>	<u>56,832</u>	<u>3,566,198</u>	<u>437,739</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,741,663</u>	<u>\$ 14,018</u>	<u>\$ 2,891,967</u>	<u>\$ 197,116</u>	<u>\$ 37,666</u>	<u>\$ 60,015</u>	<u>\$ 3,566,198</u>	<u>\$ 437,739</u>

(Continued)

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Combining Balance Sheet – General Fund Accounts – June 30, 2020, (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	\$ 332,102	\$ 4	\$ 82,123	\$ 52,298	\$ 2,275	\$ 30,591	\$ 10,579,523
Investments	-	-	-	-	-	-	-	1,496,303
Receivables:								
Accounts receivable	-	7,498	-	-	-	-	-	58,981
Accrued interest receivable	-	-	-	-	-	-	-	8,674
Due from other funds	-	-	-	-	-	-	-	1,584,984
Due from other governments	-	-	-	-	-	-	-	10,539,686
Inventory	-	-	-	-	-	-	-	192,334
Prepaid items	-	-	-	-	-	-	-	584
Total assets	<u>7,796</u>	<u>339,600</u>	<u>4</u>	<u>82,123</u>	<u>52,298</u>	<u>2,275</u>	<u>30,591</u>	<u>24,461,069</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	-	15,181	-	105	-	-	-	2,346,785
Due to other funds	-	-	-	-	-	-	-	97,619
Total liabilities	<u>-</u>	<u>15,181</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444,404</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	192,334
Committed	-	-	-	-	-	-	-	2,891,967
Assigned	7,796	324,419	4	82,018	52,298	2,275	30,591	8,417,218
Unassigned	-	-	-	-	-	-	-	10,515,146
Total fund balances	<u>7,796</u>	<u>324,419</u>	<u>4</u>	<u>82,018</u>	<u>52,298</u>	<u>2,275</u>	<u>30,591</u>	<u>22,016,665</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,796</u>	<u>\$ 339,600</u>	<u>\$ 4</u>	<u>\$ 82,123</u>	<u>\$ 52,298</u>	<u>\$ 2,275</u>	<u>\$ 30,591</u>	<u>\$ 24,461,069</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2020

	<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	\$ 54,942,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,876,716	-	-	-	-	-	-	-
Charges for services	651,700	-	-	-	-	19,510	-	-
Fines and forfeitures	1,072,958	-	-	-	-	-	1,538,346	706
Licenses and permits	871,738	50,135	-	-	-	-	-	46,911
Investment income	260,055	-	49,253	-	-	-	6,005	-
Miscellaneous	640,491	2,999	-	48,197	-	-	-	-
Total revenues	<u>64,316,655</u>	<u>53,134</u>	<u>49,253</u>	<u>48,197</u>	<u>-</u>	<u>19,510</u>	<u>1,544,351</u>	<u>47,617</u>
EXPENDITURES								
Current:								
General government	8,760,937	-	-	15,118	-	-	8,092	-
Public safety	36,663,340	-	-	-	-	-	-	3,166
Public works and streets	7,573,459	-	-	-	-	-	-	-
Culture and recreation	5,920,640	41,782	-	-	-	12,677	-	-
Capital Outlay	286,528	-	-	814	-	7,834	225,943	7,297
Debt Service:								
Principal retirement	153,733	-	-	-	-	-	-	-
Interest and fiscal charges	65,854	-	-	-	-	-	-	-
Total expenditures	<u>59,424,491</u>	<u>41,782</u>	<u>-</u>	<u>15,932</u>	<u>-</u>	<u>20,511</u>	<u>234,035</u>	<u>10,463</u>
Excess (deficiency) of revenues over expenditures	<u>4,892,164</u>	<u>11,352</u>	<u>49,253</u>	<u>32,265</u>	<u>-</u>	<u>(1,001)</u>	<u>1,310,316</u>	<u>37,154</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	21,721,840	-	400,000	-	-	-	-	-
Transfers out	(25,916,457)	-	-	-	-	-	(260,871)	-
Transfers in - interaccount	1,123,324	-	-	-	-	-	-	-
Transfers out - interaccount	-	-	-	-	-	-	(1,084,800)	-
Total other financing sources and uses	<u>(3,071,293)</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,345,671)</u>	<u>-</u>
Net change in fund balances	1,820,871	11,352	449,253	32,265	-	(1,001)	(35,355)	37,154
Fund balances - beginning	12,532,523	2,666	2,442,714	164,851	-	57,833	3,601,553	400,585
Fund balances - ending	<u>\$ 14,353,394</u>	<u>\$ 14,018</u>	<u>\$ 2,891,967</u>	<u>\$ 197,116</u>	<u>\$ -</u>	<u>\$ 56,832</u>	<u>\$ 3,566,198</u>	<u>\$ 437,739</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2020,
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,942,997
Intergovernmental	-	-	44,707	-	-	-	-	5,921,423
Charges for services	-	-	-	-	-	-	-	671,210
Fines and forfeitures	-	-	-	-	14,559	-	-	2,626,569
Licenses and permits	-	-	-	10,235	-	-	-	979,019
Investment income	-	-	346	-	-	-	-	315,659
Miscellaneous	-	290,500	-	-	-	-	-	982,187
Total revenues	<u>-</u>	<u>290,500</u>	<u>45,053</u>	<u>10,235</u>	<u>14,559</u>	<u>-</u>	<u>-</u>	<u>66,439,064</u>
EXPENDITURES								
Current:								
General government	-	-	44,958	4,278	-	-	-	8,833,383
Public safety	-	-	-	-	11,997	-	-	36,678,503
Public works and streets	-	315,039	-	-	-	-	-	7,888,498
Culture and recreation	-	-	-	-	-	-	-	5,975,099
Capital Outlay	-	29,888	-	-	-	-	-	558,304
Debt Service:								
Principal	-	-	-	-	-	-	-	153,733
Interest and fiscal charges	-	-	-	-	-	-	-	65,854
Total expenditures	<u>-</u>	<u>344,927</u>	<u>44,958</u>	<u>4,278</u>	<u>11,997</u>	<u>-</u>	<u>-</u>	<u>60,153,374</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(54,427)</u>	<u>95</u>	<u>5,957</u>	<u>2,562</u>	<u>-</u>	<u>-</u>	<u>6,285,690</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	22,121,840
Transfers out	-	-	-	-	-	-	-	(26,177,328)
Transfers in - interaccount	-	-	-	-	-	-	-	1,123,324
Transfers out - interaccount	-	-	(26,694)	-	(11,830)	-	-	(1,123,324)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(26,694)</u>	<u>-</u>	<u>(11,830)</u>	<u>-</u>	<u>-</u>	<u>(4,055,488)</u>
Net change in fund balances	-	(54,427)	(26,599)	5,957	(9,268)	-	-	2,230,202
Fund balances - beginning	7,796	378,846	26,603	76,061	61,566	2,275	30,591	19,786,463
Fund balances - ending	<u>\$ 7,796</u>	<u>\$ 324,419</u>	<u>\$ 4</u>	<u>\$ 82,018</u>	<u>\$ 52,298</u>	<u>\$ 2,275</u>	<u>\$ 30,591</u>	<u>\$ 22,016,665</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

	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	\$ 20,935	\$ 178,566	\$ 610,219	\$ 41,860	\$ 252	\$ 7,123	\$ 19,085	\$ 251,078
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	500	398,047	-	-	-	479
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	3,659	-	18,622	13,136	-	-	-	-
Total assets	<u>\$ 24,594</u>	<u>\$ 178,566</u>	<u>\$ 629,341</u>	<u>\$ 453,043</u>	<u>\$ 252</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 251,557</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 35,957	\$ 11,194	\$ -	\$ -	\$ -	\$ 1,874
Due to other funds	-	-	2,808	3,727	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>38,765</u>	<u>14,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,874</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	396,556	-	-	-	-
Fund balances:								
Restricted	24,594	178,566	590,576	41,566	252	7,123	19,085	249,683
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>24,594</u>	<u>178,566</u>	<u>590,576</u>	<u>41,566</u>	<u>252</u>	<u>7,123</u>	<u>19,085</u>	<u>249,683</u>
Total liabilities and fund balances	<u>\$ 24,594</u>	<u>\$ 178,566</u>	<u>\$ 629,341</u>	<u>\$ 453,043</u>	<u>\$ 252</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 251,557</u>

(continued)

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (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	\$ 30,077	\$ 413,514	\$ 159,910	\$ 22,357	\$ 1,191	\$ 12,899	\$ 11,026
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	248	122,732	-	-	-	40,162	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 30,325</u>	<u>\$ 536,246</u>	<u>\$ 159,910</u>	<u>\$ 22,357</u>	<u>\$ 1,191</u>	<u>\$ 53,061</u>	<u>\$ 11,026</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 88,131	\$ -	\$ 22,357	\$ -	\$ 62,328	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>88,131</u>	<u>-</u>	<u>22,357</u>	<u>-</u>	<u>62,328</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	30,325	448,115	159,910	-	1,191	-	11,026
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	(9,267)	-
Total fund balances	<u>30,325</u>	<u>448,115</u>	<u>159,910</u>	<u>-</u>	<u>1,191</u>	<u>(9,267)</u>	<u>11,026</u>
Total liabilities and fund balances	<u>\$ 30,325</u>	<u>\$ 536,246</u>	<u>\$ 159,910</u>	<u>\$ 22,357</u>	<u>\$ 1,191</u>	<u>\$ 53,061</u>	<u>\$ 11,026</u>

(continued)

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (Continued)

	SPECIAL REVENUE FUNDS						
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD
ASSETS							
Cash and cash equivalents	\$ 26,319	\$ 2,609	\$ 3,945	\$ 1,197,973	\$ 36,694	\$ 98,641	\$ 5,500
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	-	-	-	126,801	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	97,619	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 123,938</u>	<u>\$ 2,609</u>	<u>\$ 3,945</u>	<u>\$ 1,324,774</u>	<u>\$ 36,694</u>	<u>\$ 98,641</u>	<u>\$ 5,500</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 123,938	\$ -	\$ -	\$ 28,619	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>123,938</u>	<u>-</u>	<u>-</u>	<u>28,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	-	2,609	3,945	1,296,155	36,694	-	5,500
Committed	-	-	-	-	-	98,641	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,609</u>	<u>3,945</u>	<u>1,296,155</u>	<u>36,694</u>	<u>98,641</u>	<u>5,500</u>
Total liabilities and fund balances	<u>\$ 123,938</u>	<u>\$ 2,609</u>	<u>\$ 3,945</u>	<u>\$ 1,324,774</u>	<u>\$ 36,694</u>	<u>\$ 98,641</u>	<u>\$ 5,500</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (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	\$ 901,680	\$ 29,177	\$ 51,226	\$ 377,353	\$ 725,612	\$ 57,826	\$ 1,456,634	\$ 550,378	\$ 2,421,340
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts receivable	78,123	-	253	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Advance to component unit	348,478	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	104,442	7,167	-	-	-	-	-
Total assets	<u>\$ 1,328,281</u>	<u>\$ 29,177</u>	<u>\$ 155,921</u>	<u>\$ 384,520</u>	<u>\$ 725,612</u>	<u>\$ 57,826</u>	<u>\$ 1,456,634</u>	<u>\$ 550,378</u>	<u>\$ 2,421,340</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 69,218	\$ -	\$ 74,817	\$ 12,755	\$ -	\$ -	\$ 29,570	\$ 9,180	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>69,218</u>	<u>-</u>	<u>74,817</u>	<u>12,755</u>	<u>-</u>	<u>-</u>	<u>29,570</u>	<u>9,180</u>	<u>-</u>
Deferred Inflows:									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	1,259,063	29,177	81,104	371,765	725,612	-	1,427,064	181,976	2,421,340
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	57,826	-	359,222	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,259,063</u>	<u>29,177</u>	<u>81,104</u>	<u>371,765</u>	<u>725,612</u>	<u>57,826</u>	<u>1,427,064</u>	<u>541,198</u>	<u>2,421,340</u>
Total liabilities and fund balances	<u>\$ 1,328,281</u>	<u>\$ 29,177</u>	<u>\$ 155,921</u>	<u>\$ 384,520</u>	<u>\$ 725,612</u>	<u>\$ 57,826</u>	<u>\$ 1,456,634</u>	<u>\$ 550,378</u>	<u>\$ 2,421,340</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020, (Continued)

	CAPITAL PROJECT FUNDS							TOTALS
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2019 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	
ASSETS								
Cash and cash equivalents	\$ 3,528,060	\$ 1,329,800	\$ 2,762,201	\$ 1,803,300	\$ 346,578	\$ 824,954	\$ 7,481,077	\$ 27,798,969
Investments	-	1,288,998	-	-	-	-	1,000,000	2,288,998
Receivables:								
Accounts receivable	-	20,603	-	-	-	-	-	787,948
Accrued interest receivable	-	3,222	-	-	-	-	21,638	24,860
Advance to component unit	-	299,994	-	-	-	-	-	648,472
Due from other funds	-	-	-	-	-	-	-	97,619
Due from other governments	-	421,542	-	-	-	-	-	568,568
Total assets	<u>\$ 3,528,060</u>	<u>\$ 3,364,159</u>	<u>\$ 2,762,201</u>	<u>\$ 1,803,300</u>	<u>\$ 346,578</u>	<u>\$ 824,954</u>	<u>\$ 8,502,715</u>	<u>\$ 32,215,434</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 430,505	\$ 159,244	\$ -	\$ -	\$ 75,527	\$ -	\$ 473,159	\$ 1,708,373
Due to other funds	-	-	-	-	-	-	-	6,535
Total liabilities	<u>430,505</u>	<u>159,244</u>	<u>-</u>	<u>-</u>	<u>75,527</u>	<u>-</u>	<u>473,159</u>	<u>1,714,908</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	396,556
Fund balances:								
Restricted	3,097,555	-	-	-	271,051	824,954	8,029,556	21,827,132
Committed	-	-	-	-	-	-	-	98,641
Assigned	-	3,204,915	2,762,201	1,803,300	-	-	-	8,187,464
Unassigned (deficit)	-	-	-	-	-	-	-	(9,267)
Total fund balances	<u>3,097,555</u>	<u>3,204,915</u>	<u>2,762,201</u>	<u>1,803,300</u>	<u>271,051</u>	<u>824,954</u>	<u>8,029,556</u>	<u>30,103,970</u>
Total liabilities and fund balances	<u>\$ 3,528,060</u>	<u>\$ 3,364,159</u>	<u>\$ 2,762,201</u>	<u>\$ 1,803,300</u>	<u>\$ 346,578</u>	<u>\$ 824,954</u>	<u>\$ 8,502,715</u>	<u>\$ 32,215,434</u>

CITY OF LAWTON, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020

	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	49,637	-	652,294	221,795	-	-	-	7,628
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	2,423	54	-	3	-	-	-
Miscellaneous	24,666	-	31,671	43,207	-	-	-	150,890
Total revenues	<u>74,303</u>	<u>2,423</u>	<u>684,019</u>	<u>265,002</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>158,518</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	66,815
Public works and streets	-	-	-	-	-	-	-	-
Culture and recreation	27,609	-	-	-	-	-	-	-
Community development	-	-	584,100	274,647	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	31,726	-	-	-	-	-	-	11,505
Debt Service								
Principal	-	-	94,000	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>59,335</u>	<u>-</u>	<u>678,100</u>	<u>274,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,320</u>
Excess (deficiency) of revenues over expenditures	<u>14,968</u>	<u>2,423</u>	<u>5,919</u>	<u>(9,645)</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>80,198</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	14,968	2,423	5,919	(9,645)	3	-	-	80,198
Fund balances - beginning	9,626	176,143	584,657	51,211	249	7,123	19,085	169,485
Fund balances - ending	<u>\$ 24,594</u>	<u>\$ 178,566</u>	<u>\$ 590,576</u>	<u>\$ 41,566</u>	<u>\$ 252</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 249,683</u>

(continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020, (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	-	262,641	-	-	-	-	-
Charges for services	40,531	-	13,182	-	-	200,512	-
Fines and forfeitures	-	-	-	96,767	-	-	-
Investment earnings	21	-	-	-	-	-	-
Miscellaneous	-	539,096	-	-	-	-	-
Total revenues	<u>40,552</u>	<u>801,737</u>	<u>13,182</u>	<u>96,767</u>	<u>-</u>	<u>200,512</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	5,639	-	-	209,779	-
Public safety	39,223	1,350,212	-	316,149	-	-	1,750
Public works and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	-	15,003	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>39,223</u>	<u>1,350,212</u>	<u>20,642</u>	<u>316,149</u>	<u>-</u>	<u>209,779</u>	<u>1,750</u>
Excess (deficiency) of revenues over expenditures	<u>1,329</u>	<u>(548,475)</u>	<u>(7,460)</u>	<u>(219,382)</u>	<u>-</u>	<u>(9,267)</u>	<u>(1,750)</u>
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-
Transfers in	1,698	566,500	-	178,063	-	-	-
Transfers out	-	-	-	(4,753)	-	-	-
Total other financing sources and uses	<u>1,698</u>	<u>566,500</u>	<u>-</u>	<u>173,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,027	18,025	(7,460)	(46,072)	-	(9,267)	(1,750)
Fund balances - beginning	27,298	430,090	167,370	46,072	1,191	-	12,776
Fund balances - ending	<u>\$ 30,325</u>	<u>\$ 448,115</u>	<u>\$ 159,910</u>	<u>\$ -</u>	<u>\$ 1,191</u>	<u>\$ (9,267)</u>	<u>\$ 11,026</u>

(continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020, (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	-	-	-	892,027	-	28,465	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	13,913	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,027</u>	<u>13,913</u>	<u>28,465</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	539,647	-	-	-	-	175,510	-
Public safety	-	-	-	-	2,845	-	-
Public works and streets	-	-	-	779,883	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	-	3,239	45,426	-	-	-
Debt Service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>539,647</u>	<u>-</u>	<u>3,239</u>	<u>825,309</u>	<u>2,845</u>	<u>175,510</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(539,647)</u>	<u>-</u>	<u>(3,239)</u>	<u>66,718</u>	<u>11,068</u>	<u>(147,045)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-
Transfers in	539,647	-	-	-	-	180,794	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>539,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,794</u>	<u>-</u>
Net change in fund balances	-	-	(3,239)	66,718	11,068	33,749	-
Fund balances - beginning	-	2,609	7,184	1,229,437	25,626	64,892	5,500
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,609</u>	<u>\$ 3,945</u>	<u>\$ 1,296,155</u>	<u>\$ 36,694</u>	<u>\$ 98,641</u>	<u>\$ 5,500</u>

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CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020, (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	\$ 1,235,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,224,415
Intergovernmental	-	-	1,947,584	318,983	-	-	-	-	-
Charges for services	-	-	307,360	-	-	11,058	1,018,342	-	-
Fines and forfeitures	-	-	-	-	-	-	-	51,806	-
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	3,995	-	-	-	-	72	-
Total revenues	<u>1,235,971</u>	<u>-</u>	<u>2,258,939</u>	<u>318,983</u>	<u>-</u>	<u>11,058</u>	<u>1,018,342</u>	<u>51,878</u>	<u>4,224,415</u>
EXPENDITURES									
Current:									
General government	-	-	-	129,254	-	2,256	705,727	-	-
Public safety	-	-	-	180,035	-	-	-	96,318	-
Public works and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	1,163,198	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Transportation	-	-	2,733,406	-	-	-	-	-	-
Capital Outlay	-	-	-	88,151	-	-	20,652	22,500	-
Debt Service									
Principal	-	-	-	-	-	-	67,455	-	2,281,378
Interest and fiscal charges	-	-	-	-	-	-	6,974	-	779,062
Total expenditures	<u>1,163,198</u>	<u>-</u>	<u>2,733,406</u>	<u>397,440</u>	<u>-</u>	<u>2,256</u>	<u>800,808</u>	<u>118,818</u>	<u>3,060,440</u>
Excess (deficiency) of revenues over expenditures	<u>72,773</u>	<u>-</u>	<u>(474,467)</u>	<u>(78,457)</u>	<u>-</u>	<u>8,802</u>	<u>217,534</u>	<u>(66,940)</u>	<u>1,163,975</u>
OTHER FINANCING SOURCES (USES)									
Debt proceeds	-	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-	-
Transfers in	-	-	589,591	-	-	-	-	51,350	-
Transfers out	-	-	(34,186)	(33,065)	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>555,405</u>	<u>(33,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,350</u>	<u>-</u>
Net change in fund balances	72,773	-	80,938	(111,522)	-	8,802	217,534	(15,590)	1,163,975
Fund balances - beginning	1,186,290	29,177	166	483,287	725,612	49,024	1,209,530	556,788	1,257,365
Fund balances - ending	<u>\$ 1,259,063</u>	<u>\$ 29,177</u>	<u>\$ 81,104</u>	<u>\$ 371,765</u>	<u>\$ 725,612</u>	<u>\$ 57,826</u>	<u>\$ 1,427,064</u>	<u>\$ 541,198</u>	<u>\$ 2,421,340</u>

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CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020, (Continued)

	CAPITAL PROJECT FUNDS							
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2019 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	TOTALS
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,386
Intergovernmental	-	207,617	-	-	-	-	-	3,668,179
Charges for services	-	118,759	-	-	-	-	-	1,709,744
Fines and forfeitures	-	-	-	-	-	-	-	1,069,065
Investment earnings	115,536	41,523	-	-	16,645	19,628	294,133	489,966
Miscellaneous	54,838	42,538	-	-	-	-	-	904,886
Total revenues	<u>170,374</u>	<u>410,437</u>	<u>-</u>	<u>-</u>	<u>16,645</u>	<u>19,628</u>	<u>294,133</u>	<u>13,302,226</u>
EXPENDITURES								
Current:								
General government	-	530,497	-	-	-	-	1,479	2,299,788
Public safety	-	-	-	-	-	-	-	2,053,347
Public works and streets	-	-	-	-	-	-	-	779,883
Culture and recreation	-	-	-	-	-	-	-	1,190,807
Community development	-	-	-	-	-	-	-	858,747
Transportation	-	-	-	-	-	-	-	2,733,406
Capital Outlay	2,845,969	109,724	3,468,794	-	438,979	-	6,216,120	13,317,788
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	295,301	-	-	-	1,276,589	4,014,723
Interest and fiscal charges	-	-	40,302	-	-	-	195,915	1,022,253
Total expenditures	<u>2,845,969</u>	<u>640,221</u>	<u>3,804,397</u>	<u>-</u>	<u>438,979</u>	<u>-</u>	<u>7,690,103</u>	<u>28,270,742</u>
Excess (deficiency) of revenues over expenditures	<u>(2,675,595)</u>	<u>(229,784)</u>	<u>(3,804,397)</u>	<u>-</u>	<u>(422,334)</u>	<u>19,628</u>	<u>(7,395,970)</u>	<u>(14,968,516)</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-
Transfers in	-	-	2,828,999	1,803,300	-	-	14,314,285	21,054,227
Transfers out	-	-	-	-	-	-	(9,663,432)	(9,735,436)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,828,999</u>	<u>1,803,300</u>	<u>-</u>	<u>-</u>	<u>4,650,853</u>	<u>11,318,791</u>
Net change in fund balances	(2,675,595)	(229,784)	(975,398)	1,803,300	(422,334)	19,628	(2,745,117)	(3,649,725)
Fund balances - beginning	5,773,150	3,434,699	3,737,599	-	693,385	805,326	10,774,673	33,753,695
Fund balances - ending	<u>\$ 3,097,555</u>	<u>\$ 3,204,915</u>	<u>\$ 2,762,201</u>	<u>\$ 1,803,300</u>	<u>\$ 271,051</u>	<u>\$ 824,954</u>	<u>\$ 8,029,556</u>	<u>\$ 30,103,970</u>

CITY OF LAWTON, OKLAHOMA
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Combining Statement of Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts – June 30, 2020

	Enterprise Fund								Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Waurika Payments	
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 10,254,299	\$ -	\$ 5,083,624	\$ 454,449	\$ 7,602	\$ 129,613	\$ 10,928	\$ 843,486	\$ 16,784,001
Cash and cash equivalents, restricted	-	1,768,415	-	1,908,172	-	158,586	-	-	3,835,173
Investments	-	-	-	-	-	502,255	-	-	502,255
Accounts receivable, net	-	-	-	7,377,963	-	-	-	499,484	7,877,447
Interest receivable	-	-	-	-	-	843	-	-	843
Due from other governments	425,448	-	-	-	-	-	-	-	425,448
Total current assets	10,679,747	1,768,415	5,083,624	9,740,584	7,602	791,297	10,928	1,342,970	29,425,167
Non-current assets:									
Cash and cash equivalents, restricted	-	-	-	4,283,678	-	-	-	-	4,283,678
Land and construction in progress	-	-	11,272,588	-	-	-	-	-	11,272,588
Other capital assets, net	1,580,238	-	174,872,579	28,291,145	120,457	-	-	-	204,864,419
Total non-current assets	1,580,238	-	186,145,167	32,574,823	120,457	-	-	-	220,420,685
Total assets	12,259,985	1,768,415	191,228,791	42,315,407	128,059	791,297	10,928	1,342,970	249,845,852
DEFERRED OUTFLOW OF RESOURCES									
Deferred amounts related to pension	380,825	-	1,146,100	-	139,307	-	-	-	1,666,232
Deferred amounts related to OPEB	-	-	203,612	-	-	-	-	-	203,612
Deferred amount on refunding	-	-	-	1,422,232	-	-	-	-	1,422,232
Total deferred outflow of resources	380,825	-	1,349,712	1,422,232	139,307	-	-	-	3,292,076
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities	104,960	-	584,472	-	23,150	-	-	-	712,582
Accrued interest payable	-	-	-	175,092	-	-	-	-	175,092
Accrued compensated absences	20,402	-	91,804	-	-	-	-	-	112,206
Landfill post closure liability	-	-	958,795	-	-	-	-	-	958,795
Contract payable - Waurika note	-	-	-	2,149,978	-	-	-	-	2,149,978
Worker's compensation liability	-	-	258,602	-	-	-	-	-	258,602
Total OPEB liability	-	-	108,603	-	-	-	-	-	108,603
Notes payable	-	-	-	315,220	-	-	-	-	315,220
Revenue bonds payable	-	-	-	2,450,324	-	-	-	-	2,450,324
Total current liabilities	125,362	-	2,002,276	5,090,614	23,150	-	-	-	7,241,402
Non-current liabilities:									
Accrued compensated absences	150,329	-	676,432	-	-	-	-	-	826,761
Landfill post closure liability	-	-	6,006,001	-	-	-	-	-	6,006,001
Contract payable - Waurika note	-	-	-	24,575,548	-	-	-	-	24,575,548
Worker's compensation liability	-	-	258,601	-	-	-	-	-	258,601
Total OPEB liability	-	-	2,649,417	-	-	-	-	-	2,649,417
Notes payable	-	-	-	8,838,631	-	-	-	-	8,838,631
Revenue bond payable, net	-	-	-	10,119,365	-	-	-	-	10,119,365
Net pension liability	1,973,910	-	8,823,918	-	526,270	-	-	-	11,324,098
Total non-current liabilities	2,124,239	-	18,414,369	43,533,544	526,270	-	-	-	64,598,422
Total liabilities	2,249,601	-	20,416,645	48,624,158	549,420	-	-	-	71,839,824
DEFERRED INFLOW OF RESOURCES									
Deferred amounts related to pensions	245,260	-	800,921	-	114,077	-	-	-	1,160,258
Deferred amounts related to OPEB	-	-	962,859	-	-	-	-	-	962,859
Total deferred inflow of resources	245,260	-	1,763,780	-	114,077	-	-	-	2,123,117
NET POSITION									
Net investment in capital assets	1,580,238	-	186,145,167	(10,251,913)	120,457	-	-	-	177,593,949
Restricted for debt service	-	1,768,415	-	1,733,080	-	-	-	-	3,501,495
Restricted for landfill financial assurance	-	-	-	-	-	158,586	-	-	158,586
Unrestricted (deficit)	8,565,711	-	(15,747,089)	3,632,314	(516,588)	632,711	10,928	1,342,970	(2,079,043)
Total net position	\$ 10,145,949	\$ 1,768,415	\$ 170,398,078	\$ (4,886,519)	\$ (396,131)	\$ 791,297	\$ 10,928	\$ 1,342,970	\$ 179,174,987

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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, 2020

	Enterprise Fund								Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Waurika Payments	
REVENUES									
Charges for services	\$ -	\$ -	\$ -	\$ 44,601,224	\$ -	\$ -	\$ 177,512	\$ 3,594,290	\$ 48,373,026
Other sources	-	-	-	200,841	-	-	-	11,684	212,525
Operating grants	1,376	-	-	-	-	-	-	-	1,376
Total operating revenues	<u>1,376</u>	<u>-</u>	<u>-</u>	<u>44,802,065</u>	<u>-</u>	<u>-</u>	<u>177,512</u>	<u>3,605,974</u>	<u>48,586,927</u>
OPERATING EXPENSES									
Public works operations	204,459	-	14,927,072	198,482	612,440	650	167,836	758,101	16,869,040
Depreciation expense	454,163	-	8,664,199	523,778	63,219	-	-	-	9,705,359
Landfill closure expense	-	-	(210,057)	-	-	-	-	-	(210,057)
Total operating expenses	<u>658,622</u>	<u>-</u>	<u>23,381,214</u>	<u>722,260</u>	<u>675,659</u>	<u>650</u>	<u>167,836</u>	<u>758,101</u>	<u>26,364,342</u>
Operating income (loss)	<u>(657,246)</u>	<u>-</u>	<u>(23,381,214)</u>	<u>44,079,805</u>	<u>(675,659)</u>	<u>(650)</u>	<u>9,676</u>	<u>2,847,873</u>	<u>22,222,585</u>
NON-OPERATING REVENUES (EXPENSES)									
Investment income	23,493	-	-	55,543	-	15,022	-	-	94,058
Interest expense and fiscal charges	-	-	-	(414,984)	-	-	-	(917,679)	(1,332,663)
Gain (loss) on asset retirement	19,111	-	(468)	-	-	-	-	-	18,643
Other non-operating revenue	81	-	7,174	28,842	-	-	-	-	36,097
Forgiveness of debt	-	-	-	379,206	-	-	-	-	379,206
Capital assets purchased for governmental activities	(32,283)	-	(69,287)	-	-	-	-	-	(101,570)
Total non-operating revenue (expenses)	<u>10,402</u>	<u>-</u>	<u>(62,581)</u>	<u>48,607</u>	<u>-</u>	<u>15,022</u>	<u>-</u>	<u>(917,679)</u>	<u>(906,229)</u>
Income (loss) before contributions and transfers	<u>(646,844)</u>	<u>-</u>	<u>(23,443,795)</u>	<u>44,128,412</u>	<u>(675,659)</u>	<u>14,372</u>	<u>9,676</u>	<u>1,930,194</u>	<u>21,316,356</u>
Capital Contributions	7,990	-	209,630	-	-	-	-	-	217,620
Capital Contributions from governmental activities	-	-	1,421,069	-	-	-	-	-	1,421,069
Interaccount transfers in	3,888,641	954,617	42,586,484	2,461,003	118,000	-	-	-	50,008,745
Interaccount transfers out	(5,489,994)	(901,185)	-	(42,057,748)	-	-	-	(1,559,818)	(50,008,745)
Transfers in	5,710,632	-	-	2,549,292	437,000	-	-	-	8,696,924
Transfers out	(400,000)	-	(21,649,699)	(4,302,881)	-	-	-	-	(26,352,580)
Change in net position	<u>3,070,425</u>	<u>53,432</u>	<u>(876,311)</u>	<u>2,778,078</u>	<u>(120,659)</u>	<u>14,372</u>	<u>9,676</u>	<u>370,376</u>	<u>5,299,389</u>
Total net position - beginning	<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>972,594</u>	<u>173,875,598</u>
Total net position - ending	<u>\$ 10,145,949</u>	<u>\$ 1,768,415</u>	<u>\$ 170,398,078</u>	<u>\$ (4,886,519)</u>	<u>\$ (396,131)</u>	<u>\$ 791,297</u>	<u>\$ 10,928</u>	<u>\$ 1,342,970</u>	<u>\$ 179,174,987</u>

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Combining Cash Flow Statement – Lawton Water Authority (LWA) Enterprise Fund Accounts – Year ended June 30, 2020

	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	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 2,552,546	\$ -	\$ 7,174	\$ 42,893,390	\$ -	\$ -	\$ 177,512	\$ -	\$ 3,501,611	\$ 49,132,233
Payments to suppliers	(142,730)	-	(6,540,657)	(198,482)	(75,028)	(650)	(168,040)	-	(814,078)	(7,939,665)
Payments to employees	(3,989)	-	(7,788,217)	-	(511,455)	-	-	-	-	(8,303,661)
Net cash provided by (used in) operating activities	2,405,827	-	(14,321,700)	42,694,908	(586,483)	(650)	9,472	-	2,687,533	32,888,907
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from other funds	5,710,632	-	-	2,549,292	437,000	-	-	-	-	8,696,924
Transfers to other funds	(400,000)	-	(21,649,699)	(4,302,881)	-	-	-	-	-	(26,352,580)
Interaccount transfers in	3,888,641	954,617	37,096,490	2,461,003	118,000	-	-	-	-	44,518,751
Interaccount transfers out	-	(901,185)	-	(42,057,748)	-	-	-	-	(1,559,818)	(44,518,751)
Principal paid on debt	-	-	-	(227,139)	-	-	-	-	-	(227,139)
Interest and fiscal agent fees paid on debt	-	-	-	-	-	-	-	-	(161,827)	(161,827)
Net cash provided by (used in) noncapital financing activities	9,199,273	53,432	15,446,791	(41,577,473)	555,000	-	-	-	(1,721,645)	(18,044,622)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital assets purchased	(5,711,733)	-	(117,714)	-	(21,564)	-	-	-	-	(5,851,011)
Capital assets purchased for governmental activities	-	-	(65,629)	-	-	-	-	-	-	(65,629)
Principal paid on debt	-	-	-	(4,034,308)	-	-	-	-	-	(4,034,308)
Proceeds from debt	-	-	-	3,888,641	-	-	-	-	-	3,888,641
Interest and fiscal agent fees paid on debt	-	-	-	(455,908)	-	-	-	-	(755,852)	(1,211,760)
Net cash provided by (used in) capital and related financing activities	(5,711,733)	-	(183,343)	(601,575)	(21,564)	-	-	-	(755,852)	(7,274,067)
CASH FLOWS FROM INVESTING ACTIVITIES										
Sale (Purchase) of investments	-	-	-	-	-	(6,170)	-	-	-	(6,170)
Interest and dividends	23,493	-	-	55,543	-	14,542	-	-	-	93,578
Net cash provided by investing activities	23,493	-	-	55,543	-	8,372	-	-	-	87,408
Net increase (decrease) in cash and cash equivalents	5,916,860	53,432	941,748	571,403	(53,047)	7,722	9,472	-	210,636	7,657,626
Balances - beginning 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
Balances - end of year	\$ 10,254,299	\$ 1,768,415	\$ 5,083,624	\$ 6,646,299	\$ 7,602	\$ 288,199	\$ 10,928	\$ -	\$ 843,486	\$ 24,902,852
Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$ 10,254,299	\$ -	\$ 5,083,624	\$ 454,449	\$ 7,602	\$ 129,613	\$ 10,928	\$ -	\$ 843,486	\$ 16,784,001
Restricted cash and cash equivalents - current	-	1,768,415	-	1,908,172	-	158,586	-	-	-	3,835,173
Restricted cash and cash equivalents - noncurrent	-	-	-	4,283,678	-	-	-	-	-	4,283,678
Total cash and cash equivalents, end of year	\$ 10,254,299	\$ 1,768,415	\$ 5,083,624	\$ 6,646,299	\$ 7,602	\$ 288,199	\$ 10,928	\$ -	\$ 843,486	\$ 24,902,852
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$ (657,246)	\$ -	\$ (23,381,214)	\$ 44,079,805	\$ (675,659)	\$ (650)	\$ 9,676	\$ -	\$ 2,847,873	\$ 22,222,585
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	454,163	-	8,664,199	523,778	63,219	-	-	-	-	9,705,359
Other nonoperating revenue	81	-	7,174	28,842	-	-	-	-	-	36,097
Change in assets and liabilities:										
Receivables, net	-	-	-	(1,937,517)	-	-	-	-	(104,363)	(2,041,880)
Due from other governments	2,551,089	-	-	-	-	-	-	-	-	2,551,089
Deferred outflows related to pension	(211,774)	-	(201,422)	-	12,303	-	-	-	-	(400,893)
Deferred outflows related to OPEB	-	-	(89,567)	-	-	-	-	-	-	(89,567)
Accounts payable	(71,365)	-	4,904	-	(435)	-	(204)	-	(55,977)	(123,077)
Due to employees	15,588	-	69,599	-	-	-	-	-	-	85,187
Claims liability	-	-	61,518	-	-	-	-	-	-	61,518
Landfill closure liability	-	-	(210,057)	-	-	-	-	-	-	(210,057)
Total OPEB liability	-	-	28,590	-	-	-	-	-	-	28,590
Net pension liability	341,588	-	474,818	-	(40,742)	-	-	-	-	775,664
Accrued compensated absences	12,122	-	(29,879)	-	-	-	-	-	-	(17,757)
Deferred inflows related to OPEB	-	-	69,538	-	-	-	-	-	-	69,538
Deferred inflows related to pension	(28,419)	-	210,099	-	54,831	-	-	-	-	236,511
Net cash provided by (used in) operating activities	\$ 2,405,827	\$ -	\$ (14,321,700)	\$ 42,694,908	\$ (586,483)	\$ (650)	\$ 9,472	\$ -	\$ 2,687,533	\$ 32,888,907
Noncash activities:										
Principal forgiveness of debt	\$ -	\$ -	\$ -	\$ 379,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,206
Book value of disposed assets	(43,172)	-	(468)	-	-	-	-	-	-	(43,640)
Asset contributed by others	7,900	-	1,885,980	-	23,118	-	-	-	-	1,916,998
	\$ (35,272)	\$ -	\$ 1,885,512	\$ 379,206	\$ 23,118	\$ -	\$ -	\$ -	\$ -	\$ 2,252,564

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Combining Statement of Net Position – Internal Service Funds – June 30, 2020

	<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	\$ 161,086	\$ -	\$ -	\$ 161,086
Accounts receivable, net	21,826	-	-	21,826
Total current assets	<u>182,912</u>	<u>-</u>	<u>-</u>	<u>182,912</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	3,347,597	3,347,597
Other capital assets, net	-	-	143,097	143,097
Total non-current assets	<u>-</u>	<u>-</u>	<u>3,490,694</u>	<u>3,490,694</u>
Total assets	<u>182,912</u>	<u>-</u>	<u>3,490,694</u>	<u>3,673,606</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	18,398	-	67,872	86,270
Due to other funds	1,575,000	3,449	-	1,578,449
Accrued compensated absences	-	-	13,405	13,405
Total current liabilities	<u>1,593,398</u>	<u>3,449</u>	<u>81,277</u>	<u>1,678,124</u>
Non-current liabilities:				
Accrued compensated absences	-	-	98,772	98,772
Claims liability	1,079,904	-	-	1,079,904
Total non-current liabilities	<u>1,079,904</u>	<u>-</u>	<u>98,772</u>	<u>1,178,676</u>
Total liabilities	<u>2,673,302</u>	<u>3,449</u>	<u>180,049</u>	<u>2,856,800</u>
NET POSITION				
Net investment in capital assets	-	-	3,490,538	3,490,538
Unrestricted (deficit)	(2,490,390)	(3,449)	(179,893)	(2,673,732)
Total net position	<u>\$ (2,490,390)</u>	<u>\$ (3,449)</u>	<u>\$ 3,310,645</u>	<u>\$ 816,806</u>

CITY OF LAWTON, OKLAHOMA
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Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2020

	Internal Service Funds			Total
	Group Health Insurance	Worker's Comp	Information Technology Fund	
REVENUES				
Charges for services	\$ 9,130,901	\$ -	\$ 1,551,435	\$ 10,682,336
Total operating revenues	<u>9,130,901</u>	<u>-</u>	<u>1,551,435</u>	<u>10,682,336</u>
OPERATING EXPENSES				
General government and claims	12,636,571	3,460	-	12,640,031
Computer service operations	-	-	1,410,365	1,410,365
Depreciation expense	-	-	48,631	48,631
Total operating expenses	<u>12,636,571</u>	<u>3,460</u>	<u>1,458,996</u>	<u>14,099,027</u>
Operating income (loss)	<u>(3,505,670)</u>	<u>(3,460)</u>	<u>92,439</u>	<u>(3,416,691)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,854	(1,807)	-	1,047
Other non-operating revenue	1,864,269	-	-	1,864,269
Capital assets purchased for governmental activities	-	-	(27,581)	(27,581)
Total non-operating revenues	<u>1,867,123</u>	<u>(1,807)</u>	<u>(27,581)</u>	<u>1,837,735</u>
Income (loss) before contributions and transfers	<u>(1,638,547)</u>	<u>(5,267)</u>	<u>64,858</u>	<u>(1,578,956)</u>
Capital contributions	-	-	86,130	86,130
Capital Contributions from governmental activities	-	-	2,659,081	2,659,081
Change in net position	<u>(1,638,547)</u>	<u>(5,267)</u>	<u>2,810,069</u>	<u>1,166,255</u>
Total net position - beginning	(851,843)	1,818	500,576	(349,449)
Total net position - ending	<u>\$ (2,490,390)</u>	<u>\$ (3,449)</u>	<u>\$ 3,310,645</u>	<u>\$ 816,806</u>

CITY OF LAWTON, OKLAHOMA
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Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2020

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 11,007,659	\$ -	\$ 1,551,435	\$ 12,559,094
Payments to suppliers	(1,209,495)	(3,460)	(384,041)	(1,596,996)
Payments to employees	-	-	(1,136,438)	(1,136,438)
Payments from other funds	1,325,000	3,449	-	1,328,449
Claims and benefits paid	(11,894,215)	-	-	(11,894,215)
Net Cash Provided by (used in) Operating Activities	<u>(771,051)</u>	<u>(11)</u>	<u>30,956</u>	<u>(740,106)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(3,540)	(3,540)
Capital assets purchased for other funds	-	-	(27,416)	(27,416)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(30,956)</u>	<u>(30,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	2,854	(1,807)	-	1,047
Net Cash Provided by (used in) Investing Activities	<u>2,854</u>	<u>(1,807)</u>	<u>-</u>	<u>1,047</u>
Net Increase (decrease) in Cash and Cash Equivalents	(768,197)	(1,818)	-	(770,015)
Balances - beginning of the year	<u>929,283</u>	<u>1,818</u>	<u>-</u>	<u>931,101</u>
Balances - end of the year	<u>\$ 161,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,086</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 161,086	\$ -	\$ -	\$ 161,086
Total cash and cash equivalents	<u>\$ 161,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,086</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,505,670)	\$ (3,460)	\$ 92,439	\$ (3,416,691)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	48,631	48,631
Other miscellaneous revenue	1,864,269	-	-	1,864,269
Change in assets and liabilities:				
Receivables, net	12,489	-	-	12,489
Due from other funds	1,325,000	-	-	1,325,000
Accounts payable	(176,190)	-	5,301	(170,889)
Due to other funds	-	3,449	-	3,449
Accrued compensated absences	-	-	(115,415)	(115,415)
Claims liability	(290,949)	-	-	(290,949)
Net Cash Provided by (used in) Operating Activities	<u>\$ (771,051)</u>	<u>\$ (11)</u>	<u>\$ 30,956</u>	<u>\$ (740,106)</u>
Noncash activities:				
Assets transferred to other funds	\$ -	\$ -	\$ (165)	(165)
Assets contributed by others	-	-	2,745,211	2,745,211
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745,046</u>	<u>\$ 2,745,046</u>

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Debt Service Coverage Schedule - Year Ended June 30, 2020

		OWRB Series 2001A, 2001B, 2003A, 2003B, 2003C, 2003D, 2004A, 2005, 2006A, & 2009 Promissory Notes
GROSS REVENUE AVAILABLE:		
Charges for services (all utility revenues)	\$	48,373,026
Other resources		212,525
Investment income		94,058
		48,679,609
OPERATING EXPENSES:		
Total Operating Expenses		16,658,983
Net Revenue Available for Debt Service	\$	32,020,626
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	\$	4,589,988
Computed Coverage		698%
Coverage Requirement		125%