



Annual Financial Statements and Independent Auditor's Report

**For Fiscal Year Ended
June 30, 2021**

**Investing in the Growth and Quality
of Lawton's Future**

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	3-5
Management’s Discussion and Analysis	7-18
 The Basic Financial Statements:	
 Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
 Governmental Funds Financial Statements:	
Balance Sheet	23
Reconciliation of Governmental Funds and Government-Wide Financial Statements.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances.....	25
Reconciliation of Governmental Funds and Government-Wide Financial Statements.....	26
 Proprietary Funds Financial Statements:	
Statement of Net Position.....	28
Statement of Revenues, Expenses and Changes in Net Position.....	29
Statement of Cash Flows.....	30
 Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	32
Statement of Changes in Fiduciary Net Position.....	33
 Combining Financial Statements – Discretely Presented Component Units:	
Combining Statement of Net Position.....	35
Combining Statement of Activities.....	36
Balance Sheet, Governmental Funds.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds	38
 Notes to the Basic Financial Statements	 39-86
 Required Supplementary Information:	
 Budgetary Comparison Information	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund.....	88
Notes to Budgetary Comparison Schedule.....	89-90
 Schedules of Required Supplementary Information – Pensions	
Schedules of Required Supplementary Information – Oklahoma Police Pension & Retirement System.....	91-92
Schedules of Required Supplementary Information – Oklahoma Firefighter’s Pension & Retirement System.....	93

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

TABLE OF CONTENTS, Cont.

	Page
Schedule of Required Supplementary Information – City Defined Benefit Pension Plan...	94-95
Postemployment Benefits Information	
Other Postemployment Benefits.....	96
Other Supplementary Information:	
General Fund Accounts Combining Schedules	
Combining Balance Sheet – General Fund Accounts.....	98-99
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts.....	100-101
Nonmajor Governmental Combining Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	102-106
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	107-111
LWA Enterprise Fund Accounts Combining Schedules	
Combining Schedule of Net Position– LWA Enterprise Fund Accounts.....	112
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – LWA Enterprise Fund Accounts.....	113
Combining Cash Flow Schedule – LWA Enterprise Fund Accounts.....	114
Internal Service Funds Combining Statements	
Combining Statement of Net Position– Internal Service Funds.....	115
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	116
Combining Cash Flow Statement – Internal Service Funds.....	117
Debt Service Coverage Schedule.....	118

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, 2021, 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, the Lawton Metropolitan Planning Organization and the Fires Innovation Science and Technology Accelerator, which represent 88%, 1480% and 78% of the assets and deferred outflows of resources, net position and revenues, respectively, of the aggregate discretely presented component units. We also did not audit the financial statements of the City Employees Retirement Trust Fund, which represents 61%, 66% and 34% of the assets and deferred outflows of resources, net position and revenues, respectively, of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as they relate to the amounts included for the 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.

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma
Page 2

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 as of June 30, 2021, 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.

Emphasis of Matter

As discussed in *Note 2.F.* to the financial statements, in 2021, the City adopted Governmental Accounting Standards Statement No. 84, *Fiduciary Activities* and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 and the other auditors 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 combining and individual fund financial statements and schedules and debt service coverage schedule as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma
Page 3

The combining and individual fund financial statements and schedules and debt service coverage schedule are 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 combining and individual fund financial statements and schedules and debt service coverage schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS,LLP

Rogers, Arkansas
July 15, 2022

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

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, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the City's total net position increased by \$39.2 million or 13.33% from the prior year, while the negative portion of the unrestricted net position decreased by \$21.2 million or 47%.
- During the year, the City's expenses for governmental activities were \$87.8 million and were funded by program revenues of \$41.0 million and further funded with taxes and other general revenues, including transfers in, that totaled \$86.7 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$19.6 million.
- Sales and use taxes increased by \$1.4 million or 2.7% over the prior fiscal year.
- At June 30, 2021, the General Fund reported an unassigned fund balance of \$17.3 million.
- For budgetary reporting purposes, the General Fund reported revenues above estimates by \$16.4 million or 28.39%, while expenditures were under final appropriations by \$0.3 million or 0.61%.
- The City and the Lawton Water Authority issued new debt totaling \$8.5 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.

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, five active blended component units and nine active discretely presented component units as follows.

Primary Government:

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

Blended Component Units:

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

Discretely Presented Component Units:

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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

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

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

Using This Annual Report

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

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

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

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

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, Lawton Metropolitan Planning Organization, and Fires Innovation Science and Technology Accelerator Development Trust Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

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 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 \$333 million at the close of the most recent fiscal year.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

**TABLE 1
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020*		2021	2020*		2021	2020*	
Current assets	\$ 118,400	\$ 90,621	31%	\$ 33,166	\$ 29,425	13%	\$ 151,566	\$ 120,046	26%
Capital assets, net	187,714	167,394	12%	216,991	216,137	0%	404,705	383,531	6%
Other noncurrent assets	176	216	-19%	2,379	4,284	-44%	2,555	4,500	-43%
Total assets	<u>306,290</u>	<u>258,231</u>	19%	<u>252,536</u>	<u>249,846</u>	1%	<u>558,826</u>	<u>508,077</u>	10%
Deferred outflows	18,383	16,448	12%	3,460	3,292	5%	21,843	19,740	11%
Current liabilities	28,973	19,865	46%	8,621	7,242	19%	37,594	27,107	39%
Noncurrent liabilities	128,927	128,674	0%	66,139	64,598	2%	195,066	193,272	1%
Total liabilities	<u>157,900</u>	<u>148,539</u>	6%	<u>74,760</u>	<u>71,840</u>	4%	<u>232,660</u>	<u>220,379</u>	6%
Deferred inflows	12,410	11,966	4%	2,597	2,123	22%	15,007	14,089	7%
Net position									
Net investment in capital assets	152,758	132,377	15%	177,732	177,594	0%	330,490	309,971	7%
Restricted	22,880	24,820	-8%	3,523	3,660	-4%	26,403	28,480	-7%
Unrestricted (deficit)	(21,275)	(43,022)	51%	(2,616)	(2,079)	-26%	(23,891)	(45,101)	47%
Total net position	<u>\$ 154,363</u>	<u>\$ 114,175</u>	35%	<u>\$ 178,639</u>	<u>\$ 179,175</u>	0%	<u>\$ 333,002</u>	<u>\$ 293,350</u>	14%

* Prior year not restated for MD&A purposes

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2021, this net investment in capital assets amounted to \$330 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, \$26.4 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 \$23.9 million that when positive, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities:

Current assets – Increase \$27.8 million (31%) due to the receipt of the ARPA funds that have not been expended.

Current liabilities – Increase of \$9.1 million (46%) due to an increase in in unearned revenue related to ARPA funds that were received but not spent.

Business-Type Activities:

Noncurrent assets – Decreased by \$1.9 million (44%) due to the decrease in restricted cash.

Changes in Net Position

For the year ended June 30, 2021, net position of the primary government changed as follows:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

**TABLE 2
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020*		2021	2020*		2021	2020*	
Revenues									
Charges for service	\$ 7,763	\$ 7,574	2%	\$ 47,785	\$ 48,373	-1%	\$ 55,548	\$ 55,947	-1%
Operating grants and contributions	16,395	7,569	117%	-	1	100%	16,395	7,570	117%
Capital grants and contributions	16,828	464	3527%	952	608	57%	17,780	1,072	1559%
General revenues:									
Sales and use taxes	53,546	52,117	3%	-	-	-	53,546	52,117	3%
Other taxes and intergovernmental revenues	10,161	9,833	3%	-	-	-	10,161	9,833	3%
Investment income	320	1,341	-76%	9	94	-90%	329	1,435	-77%
Miscellaneous	2,103	1,442	46%	234	237	-1%	2,337	1,679	39%
Total revenues	107,116	80,340	33%	48,980	49,313	-1%	156,096	129,653	20%
Expenses									
General government	21,274	19,594	9%	-	-	-	21,274	19,594	9%
Public safety	44,623	42,563	5%	-	-	-	44,623	42,563	5%
Streets	8,840	9,866	-10%	-	-	-	8,840	9,866	-10%
Education	-	1,667	-100%	-	-	-	-	1,667	-100%
Transportation	2,299	2,733	-16%	-	-	-	2,299	2,733	-16%
Culture and recreation	7,358	8,061	-9%	-	-	-	7,358	8,061	-9%
Community/economic development	1,496	876	71%	-	-	-	1,496	876	71%
Interest	1,887	1,428	32%	-	-	-	1,887	1,428	32%
Water	-	-	-	14,977	12,821	17%	14,977	12,821	17%
Wastewater	-	-	-	7,905	9,834	-20%	7,905	9,834	-20%
Sanitation	-	-	-	6,278	5,023	25%	6,278	5,023	25%
Total expenses	87,777	86,788	1%	29,160	27,678	5%	116,937	114,466	-2%
Excess (deficiency) before transfers	19,339	(6,448)	-400%	19,820	21,635	-8%	39,159	15,187	158%
Transfers	20,545	16,336	-26%	(20,545)	(16,336)	26%	-	-	-
Change in net position	39,884	9,888	303%	(725)	5,299	-114%	39,159	15,187	158%

* Prior year not restated for MD&A purposes

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

Governmental Activities:

Operating grants and contributions – increase of \$8.8 million (117%) due to funds received under the CARES Act.

Capital grants and contributions – increase of \$16.4 million (3,527%) due to contribution of a building from FISTA.

Education function – decrease of \$1.7 million (100%) due to the sales tax collected and transferred to Lawton Public Schools expiring.

Operating transfers – increase of \$4.2 million (26%) due to an increase in transfers out to other funds for operation and transfer of sales tax to comply to debt indentures.

Business-Type Activities:

Operating transfers – increase of \$4.2 million (26%) due to an increase in transfers out to other funds for operation and transfer of sales tax to comply to debt indentures.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

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 of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2021	2020		2021	2020	
	General government	\$ 21,274		\$ 19,594	9%	
Public safety	44,623	42,563	5%	(39,208)	(36,773)	7%
Streets	8,840	9,866	-10%	(6,347)	(9,780)	-35%
Education	-	1,667	-100%	-	(1,667)	-100%
Transportation	2,299	2,733	-16%	14,405	(478)	-3114%
Community/economic development	1,496	876	71%	115	48	140%
Culture, parks and recreation	7,358	8,061	-9%	(6,800)	(7,367)	-8%
Interest on long-term debt	1,887	1,428	32%	(1,887)	(1,428)	32%
Total	\$ 87,777	\$ 86,788	1%	\$ (46,791)	\$ (71,180)	-34%

For the year ended June 30, 2021 total expenses for governmental activities amounted to \$87.8 million, an increase of 1% from the prior year. See Table 2 above for explanations of changes in excess of \$1 million and 20%.

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2021	2020		2021	2020	
	Water	\$ 14,977		\$ 12,821	17%	
Wastewater	7,905	9,834	-20%	3,305	919	260%
Sanitation	6,278	5,023	25%	6,112	6,960	-12%
Total	\$ 29,160	\$ 27,678	5%	\$ 19,577	\$ 21,304	-8%

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:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

- Total business-type activities reported net revenues, before transfers, of \$19.6 million for the year ended June 30, 2021.
- Each individual activities/services reported net revenue for the year ended June 30, 2021.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2021 fiscal year, the governmental funds reported a combined total fund balance of \$105.0 million or a 22.76% increase from 2020. The proprietary funds reported combined total net position of \$178.6 million or a 0.4% decrease from 2020.

Other fund highlights include:

- For the year ended June 30, 2021, the General Fund's total fund balance increased by \$5.1 million or 22.94%.
- The 2019 CIP Fund's total fund balance decreased by \$23.9 million or 1325% due to capital project expenditures and transfers from other funds.
- The Federal Grant Fund received \$9.1 million of ARPA funding that had not been spent as of June 30.
- The Street and GO Bond Fund fund balance increased by \$1.8 million due to the issuance of \$4.6 million of GO Bonds for street purposes.

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues above estimates by \$16.4 million or 28.39%, while expenditures were under final appropriations by \$0.3 million or 0.61%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had \$405 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 \$21.2 million or 5.5% over the prior year.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 5,057	\$ 5,057	\$ 1,893	\$ 1,893	6,950	\$ 6,950
Buildings and utility infrastructure	45,951	31,976	163,434	170,212	209,385	202,188
Machinery, furniture and equipment	9,700	65,211	7,743	6,362	17,443	71,573
Infrastructure	69,060	8,364	-	-	69,060	8,364
Water rights	-	-	27,905	28,291	27,905	28,291
Construction in progress	57,946	56,786	16,016	9,379	73,962	66,165
Totals	<u>\$ 187,714</u>	<u>\$ 167,394</u>	<u>\$ 216,991</u>	<u>\$ 216,137</u>	<u>\$ 404,705</u>	<u>\$ 383,531</u>

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

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

Long- Term Liabilities

At year-end, the City had \$123.3 million in long-term liabilities outstanding which represents a \$8.3 million or 6.3% decrease from the prior year. The decrease is due to the City issuing \$9.1 million of new debt and retiring \$15.4 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accrued compensated absences	\$ 6,065	\$ 5,938	\$ 997	\$ 939	\$ 7,062	\$ 6,877
General obligation bonds	26,885	24,850	-	-	26,885	24,850
Debt premium	525	446	955	1,021	1,480	1,467
Worker's Compensation liability	509	555	383	517	892	1,072
Judgment payable	861	875	-	-	861	875
Revenue Bonds payable	29,446	35,860	10,119	14,570	39,565	50,430
Notes payable	1,023	1,122	12,333	9,154	13,356	10,276
Contracts payable	-	-	23,527	25,704	23,527	25,704
Capital lease obligations	2,564	3,098	-	-	2,564	3,098
Landfill Closure and Post-Closure	-	-	7,167	6,965	7,167	6,965
Totals	<u>\$ 67,878</u>	<u>\$ 72,744</u>	<u>\$ 55,481</u>	<u>\$ 58,870</u>	<u>\$ 123,359</u>	<u>\$ 131,614</u>

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 2021-2022

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. While revenues have remained steady, the rapid increase in the costs of goods (to include shipping) will present a new challenge for the City to overcome.

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

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 October 2021, an additional \$3,420,000 in general obligation bonds were issued.

In December 2019, the Council approved the Skills Training, Education, Development and Investment (STEDI) Project Plan, creating twelve new non-retail/industrial Tax Incentive Finance Districts on 1,428 acres of future development area which, when activated by the City Council, are expected to generate more than \$118 million to

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021**

attract new non-retail/industrial business development, accelerate job growth, provide public improvements, and support STEM education and job training within the community.

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

In May 2021, the City received \$9,101,411 through the Coronavirus Local Fiscal Recovery Fund under the American Rescue Plan Act. The City expects to receive an additional \$9,101,411 in May 2022. In September 2021, City Council approved allocating \$136,521 for legal assistance relating to the ARPA funds. In December 2021, City Council approved allocating up to \$3,193,807 for premium pay, COVID vaccination incentive pay, and a back to work incentive. The remaining funds will be allocated at a later date.

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, 2021**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Net Position– June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 101,430,329	\$ 17,216,766	\$ 118,647,095	\$ 3,873,351
Cash and cash equivalents, restricted current	-	4,148,094	4,148,094	4,113,377
Investments	7,377,825	1,743,610	9,121,435	1,446,637
Investments, restricted	-	2,746,116	2,746,116	-
Interest receivable	62,083	22,987	85,070	19
Accounts receivable, net	936,973	6,863,601	7,800,574	1,933,447
Inventory	174,443	-	174,443	137,748
Prepaid items	1,731	-	1,731	323,994
Taxes receivable	7,908,143	425,449	8,333,592	1,417,191
Other assets	-	-	-	5,977
Advance to component unit	684,533	-	684,533	-
Cash and cash equivalents, restricted noncurrent	-	2,378,613	2,378,613	1,119,442
Land held for resale	-	-	-	2,654,679
Capital assets:				
Land and construction in progress	63,002,712	17,909,539	80,912,251	7,556,034
Other capital assets, net of depreciation	124,710,930	199,081,718	323,792,648	25,941,863
Total Assets	306,289,702	252,536,493	558,826,195	50,523,759
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	16,641,338	1,317,119	17,958,457	-
Deferred amount related to OPEB	1,741,970	813,578	2,555,548	-
Deferred amount on refunding	-	1,328,972	1,328,972	-
Total deferred outflows	18,383,308	3,459,669	21,842,977	-
LIABILITIES				
Accounts payable and accrued liabilities	6,867,540	1,709,709	8,577,249	276,687
Accrued interest payable	422,973	175,998	598,971	426,483
Unearned revenue	9,101,411	-	9,101,411	119,164
Advance from primary government	-	-	-	913,729
Long-term liabilities:				
Due within one year	12,580,322	6,734,916	19,315,238	2,770,482
Due in more than one year	128,927,114	66,139,243	195,066,357	44,340,812
Total liabilities	157,899,360	74,759,866	232,659,226	48,847,357
DEFERRED INFLOWS:				
Deferred amounts related to pensions	7,314,376	1,102,864	8,417,240	-
Deferred amounts related to OPEB	5,095,942	1,494,471	6,590,413	-
Total deferred inflows	12,410,318	2,597,335	15,007,653	-
NET POSITION:				
Net investment in capital assets	152,757,794	177,732,421	330,490,215	33,474,497
Net Position:				
Restricted	22,880,436	3,522,818	26,403,254	6,727,464
Unrestricted (deficit)	(21,274,898)	(2,616,278)	(23,891,176)	(38,525,559)
Total net position	\$ 154,363,332	\$ 178,638,961	\$ 333,002,293	\$ 1,676,402

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Statement of Activities –Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 21,274,012	\$ 5,996,307	\$ 8,208,822	\$ -	\$ (7,068,883)	\$ -	\$ (7,068,883)	\$ -
Public Safety	44,622,431	983,309	4,310,500	120,890	(39,207,732)	-	(39,207,732)	-
Streets	8,840,165	130,076	6,170	2,356,646	(6,347,273)	-	(6,347,273)	-
Culture and recreation	7,357,982	422,177	135,941	-	(6,799,864)	-	(6,799,864)	-
Community development	1,496,051	44,832	1,506,468	14,350,000	14,405,249	-	14,405,249	-
Transportation	2,299,167	186,802	2,227,503	-	115,138	-	115,138	-
Interest on long-term debt	1,887,306	-	-	-	(1,887,306)	-	(1,887,306)	-
Total governmental activities	87,777,114	7,763,503	16,395,404	16,827,536	(46,790,671)	-	(46,790,671)	-
Business-type activities:								
Water	14,977,351	24,977,877	-	159,540	-	10,160,066	10,160,066	-
Wastewater	7,905,209	10,434,532	-	775,243	-	3,304,566	3,304,566	-
Sanitation	6,277,995	12,372,986	-	17,176	-	6,112,167	6,112,167	-
Total business-type activities	29,160,555	47,785,395	-	951,959	-	19,576,799	19,576,799	-
Total primary government	116,937,669	55,548,898	16,395,404	17,779,495	(46,790,671)	19,576,799	(27,213,872)	-
Component Units:								
Airport	3,812,105	1,727,449	656,307	5,586,336	-	-	-	4,157,987
Culture and Recreation	1,152,554	169,299	1,583,402	-	-	-	-	600,147
Economic Development	1,515,818	-	2,465,925	-	-	-	-	950,107
Transportation	187,126	-	184,730	-	-	-	-	(2,396)
Total component units	6,667,603	1,896,748	4,890,364	5,586,336	-	-	-	5,705,845
General revenues:								
Taxes:								
Sales and use taxes					53,546,121	-	53,546,121	-
Property tax					4,494,279	-	4,494,279	-
Franchise and public service taxes					2,246,832	-	2,246,832	-
Hotel/motel taxes					1,434,294	-	1,434,294	-
Intergovernmental revenue not restricted to specific programs					1,985,366	-	1,985,366	-
Investment income					320,379	9,134	329,513	-
Miscellaneous					2,102,330	234,444	2,336,774	230,548
Transfers - internal activity					20,545,087	(20,545,087)	-	-
Total general revenues and transfers					86,674,688	(20,301,509)	66,373,179	230,548
Change in net position					39,884,017	(724,710)	39,159,307	5,936,393
Net position - beginning, restated					114,479,315	179,363,671	293,842,986	(4,259,991)
Net position - ending					\$ 154,363,332	\$ 178,638,961	\$ 333,002,293	\$ 1,676,402

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Governmental Funds Balance Sheet - June 30, 2021

	<u>General Fund</u>	<u>Federal Grant Fund</u>	<u>2019 Capital Improvement Fund</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 15,418,675	\$ 9,468,456	\$ 23,218,097	\$ 20,228,716	\$ 32,834,256	\$ 101,168,200
Investments	2,549,234	-	3,039,593	-	1,788,998	7,377,825
Receivables:						
Accounts receivable	18,265	-	-	-	918,727	936,992
Accrued interest receivable	6,084	-	41,682	-	14,298	62,064
Advance to component unit	-	-	-	-	684,533	684,533
Due from other funds	5,199,589	-	-	-	210,083	5,409,672
Due from other governments	6,776,701	49,644	-	-	1,081,798	7,908,143
Inventory	174,443	-	-	-	-	174,443
Prepaid item	1,731	-	-	-	-	1,731
Total assets	\$ 30,144,722	\$ 9,518,100	\$ 26,299,372	\$ 20,228,716	\$ 37,532,693	\$ 123,723,603
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,479,011	\$ -	\$ 593,933	\$ 720,985	\$ 2,121,961	\$ 5,915,890
Due to other funds	225,130	-	-	-	3,399,176	3,624,306
Unearned revenue	-	9,101,411	-	-	-	9,101,411
Total liabilities	2,704,141	9,101,411	593,933	720,985	5,521,137	18,641,607
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	383,470	383,470
Fund balances:						
Nonspendable	174,443	-	-	-	-	174,443
Restricted	-	416,689	-	19,507,731	28,340,393	48,264,813
Committed	2,940,705	-	-	-	17,611	2,958,316
Assigned	7,049,735	-	25,705,439	-	7,582,446	40,337,620
Unassigned (deficit)	17,275,698	-	-	-	(4,312,364)	12,963,334
Total fund balances	27,440,581	416,689	25,705,439	19,507,731	31,628,086	104,698,526
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,144,722	\$ 9,518,100	\$ 26,299,372	\$ 20,228,716	\$ 37,532,693	\$ 123,723,603

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	104,698,526
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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 \$111,566,491 and net of Internal Service Fund capital assets of \$5,387,762</p>		
		182,325,880
<p>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:</p>		
Mortgages receivable related to deferred inflows		383,470
Pension related deferred outflows		16,641,338
OPEB related deferred outflows		1,741,970
<p>Some liabilities are not due and payable in the current period and, along with deferred inflows, are not included in the fund financial statement:</p>		
Capital lease obligations		(2,563,617)
General obligations bonds		(26,885,000)
Accrued interest payable		(422,973)
Unamortized bond premium		(525,483)
Notes payable		(1,023,000)
Judgments payable		(861,243)
Revenue notes payable		(29,445,635)
Total OPEB liability		(10,364,425)
Accrued compensated absences		(5,968,993)
Net pension liability		(63,265,280)
Pension related deferred inflows		(7,314,376)
OPEB related deferred inflows		(5,095,942)
Accrued workers compensation claims		(509,123)
<p>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:</p>		
Internal service fund net position		2,817,238
Net Position of Governmental Activities in the Statement of Net Position	\$	154,363,332

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2021

	<u>General Fund</u>	<u>FEDERAL GRANT FUND</u>	<u>2019 CAPITAL IMPROVEMENT FUND</u>	<u>Street and GO Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 56,264,748	\$ -	\$ -	\$ -	\$ 5,928,573	\$ 62,193,321
Intergovernmental	11,735,564	293,176	2,022,249	-	4,532,256	18,583,245
Charges for services	571,977	-	-	-	1,661,336	2,233,313
Fines and forfeitures	2,906,216	-	-	-	1,049,273	3,955,489
Licenses and permits	914,722	-	-	-	-	914,722
Investment income	123,920	-	111,564	39,822	45,184	320,490
Miscellaneous	1,191,251	-	20,000	-	1,659,756	2,871,007
Total revenues	<u>73,708,398</u>	<u>293,176</u>	<u>2,153,813</u>	<u>39,822</u>	<u>14,876,378</u>	<u>91,071,587</u>
EXPENDITURES						
Current:						
General government	10,793,346	18,750	-	-	2,620,178	13,432,274
Public Safety	35,848,360	204,769	20,000	-	1,659,501	37,732,630
Public works and streets	8,222,586	-	-	77,916	736,549	9,037,051
Culture and recreation	5,874,155	-	-	-	868,965	6,743,120
Community development	-	-	-	-	1,490,397	1,490,397
Transportation	-	-	-	-	2,299,167	2,299,167
Capital Outlay	1,650,855	65,633	1,911,698	2,851,821	10,354,906	16,834,913
Debt Service:						
Principal	160,768	-	-	-	9,882,887	10,043,655
Interest and fiscal charges	61,852	-	-	-	1,548,106	1,609,958
Total expenditures	<u>62,611,922</u>	<u>289,152</u>	<u>1,931,698</u>	<u>2,929,737</u>	<u>31,460,656</u>	<u>99,223,165</u>
Excess (deficiency) of revenues over expenditures	<u>11,096,476</u>	<u>4,024</u>	<u>222,115</u>	<u>(2,889,915)</u>	<u>(16,584,278)</u>	<u>(8,151,578)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	4,590,000	-	4,590,000
Debt issuance premium	-	-	-	134,560	-	134,560
Transfers in	22,542,310	40,900	26,364,024	-	18,841,683	67,788,917
Transfers out	<u>(28,519,280)</u>	<u>-</u>	<u>(2,684,000)</u>	<u>-</u>	<u>(13,750,724)</u>	<u>(44,954,004)</u>
Total other financing sources (uses)	<u>(5,976,970)</u>	<u>40,900</u>	<u>23,680,024</u>	<u>4,724,560</u>	<u>5,090,959</u>	<u>27,559,473</u>
Net change in fund balances	5,119,506	44,924	23,902,139	1,834,645	(11,493,319)	19,407,895
Fund balances - beginning	22,321,075	371,765	1,803,300	17,673,086	43,121,405	85,290,631
Fund balances - ending	<u>\$ 27,440,581</u>	<u>\$ 416,689</u>	<u>\$ 25,705,439</u>	<u>\$ 19,507,731</u>	<u>\$ 31,628,086</u>	<u>\$ 104,698,526</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, 2021

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 19,407,895

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

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

Capital asset purchases capitalized	15,550,217
Capital assets donated	14,772,471
Capital assets transferred from business type activities	66,785
Capital assets transferred to business type activities	(4,242,691)
Depreciation expense	(7,670,074)
Disposed capital assets	(54,206)

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. (4,623,832)

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

Change in unavailable revenue	(13,086)
-------------------------------	----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Incurrence of judgments rendered against the City	(426,766)
Judgment payments	440,177
Debt proceeds	(4,590,000)
Debt premium	(134,560)
General obligation bonds principal payments	2,555,000
Revenue note principal payments	6,414,676
Note payable principal payments	99,000
Capital lease principal payments	534,802

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	91,578
Change in accrued compensated absences	(143,115)
Change in total OPEB liability	(251,759)
Amortization of bond premium	55,529
Change in accrued workers comp claim	45,544

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

Total change in net position for internal service funds	2,000,432
---	-----------

Change in net position of governmental activities	\$ 39,884,017
---	---------------

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Net Position - June 30, 2021

	Lawton Water Authority - Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,216,766	\$ 262,129
Investments	1,743,610	-
Cash and cash equivalents, restricted	4,148,094	-
Investments, restricted	2,746,116	-
Accounts receivable, net of allowance \$2,237,301	6,863,601	-
Interest receivable	22,987	-
Due from other governments	425,449	-
Total current assets	33,166,623	262,129
Noncurrent assets:		
Cash and cash equivalents, restricted	2,378,613	-
Land and construction in progress	17,909,539	5,116,108
Other capital assets, net	199,081,718	271,654
Total noncurrent assets	219,369,870	5,387,762
Total assets	252,536,493	5,649,891
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	1,317,119	-
Deferred amounts related to OPEB	813,578	-
Deferred amount on refunding	1,328,972	-
	3,459,669	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	1,709,709	624,543
Accrued interest payable	175,998	-
Due to other funds	-	1,785,366
Accrued compensated absences	119,485	11,429
Deposits subject to refund	453,371	-
Landfill post closure liability	1,205,799	-
Contract payable - Waurika note	1,634,261	-
Worker's compensation liability	191,473	-
Total OPEB liability	107,160	-
Notes payable	514,586	-
Revenue bonds payable	2,508,781	-
Total current liabilities	8,620,623	2,421,338
Noncurrent liabilities:		
Accrued compensated absences	877,881	84,208
Landfill post closure liability	5,961,425	-
Claims liability	-	327,107
Contract payable - Waurika note	22,847,487	-
Worker's compensation liability	191,474	-
Deposits subject to refund	2,569,103	-
Total OPEB liability	2,825,631	-
Notes payable	11,817,827	-
Revenue bond payable, net	7,610,583	-
Net pension liability	11,437,832	-
Total noncurrent liabilities	66,139,243	411,315
Total liabilities	74,759,866	2,832,653
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	1,102,864	-
Deferred amounts related to OPEB	1,494,471	-
	2,597,335	-
NET POSITION		
Net investment in capital assets	177,732,421	5,387,762
Restricted for debt service	3,364,232	-
Restricted for landfill financial assurance	158,586	-
Unrestricted (deficit)	(2,616,278)	(2,570,524)
Total net position	\$ 178,638,961	\$ 2,817,238

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2021

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 47,785,395	\$ 10,132,392
Other sources	195,567	-
Operating grants	-	-
Total operating revenues	47,980,962	10,132,392
OPERATING EXPENSES		
General government and claims	-	8,768,984
Public works operations	17,972,771	-
Computer service operations	-	1,722,237
Depreciation expense	9,533,231	58,915
Landfill closure expense	202,428	-
Total operating expenses	27,708,430	10,550,136
Operating income (loss)	20,272,532	(417,744)
NONOPERATING REVENUES (EXPENSES)		
Investment income	9,134	976
Interest expense and fiscal charges	(1,403,186)	-
Loss on asset retirement	(48,939)	-
Other non-operating revenue	38,877	531,120
Forgiveness of debt	568,063	-
Capital assets purchased for governmental activities	(7,493)	(59,292)
Total nonoperating revenue (expenses)	(843,544)	472,804
Income (loss) before contributions and transfers	19,428,988	55,060
Capital asset transfers in and capital contributions	2,681,815	1,944,772
Transfers in	3,268,892	600
Transfers out	(26,104,405)	-
Change in net position	(724,710)	2,000,432
Total net position - beginning, restated	179,363,671	816,806
Total net position - ending	\$ 178,638,961	\$ 2,817,238

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021

	<u>Lawton Water</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 49,033,685	\$ -
Receipts from interfund services provided	-	10,685,339
Payments to suppliers	(8,507,795)	(110,351)
Payments to employees	(8,041,837)	(1,101,050)
Receipts of customer meter deposits	629,862	-
Refunds of customer meter deposits	(523,663)	-
Receipts from (payments on) interfund loan	-	206,917
Claims and benefits paid	-	(9,510,884)
Net cash provided by operating activities	<u>32,590,252</u>	<u>169,971</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	3,268,892	-
Transfers to other funds	(26,104,405)	-
Principal paid on debt	(232,993)	-
Interest and fiscal agent fees paid on debt	(131,440)	-
Net cash provided by (used in) noncapital financing activities	<u>(23,199,946)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(7,754,605)	(14,421)
Capital assets purchased for other funds	(7,493)	(55,483)
Principal paid on debt	(4,523,331)	-
Interest and fiscal charges paid on debt	(1,244,567)	-
Proceeds from debt	3,875,833	-
Net cash provided by (used in) capital and related financing activities	<u>(9,654,163)</u>	<u>(69,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(2,229,424)	-
Interest and dividends	8,829	976
Net cash provided by (used in) investing activities	<u>(2,220,595)</u>	<u>976</u>
Net increase (decrease) in cash and cash equivalents	(2,484,452)	101,043
Balances - beginning of year	<u>26,227,925</u>	<u>161,086</u>
Balances - end of year	<u>\$ 23,743,473</u>	<u>\$ 262,129</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 17,216,766	\$ 262,129
Restricted cash and cash equivalents - current	4,148,094	-
Restricted cash and cash equivalents - noncurrent	2,378,613	-
Total cash and cash equivalents, end of year	<u>\$ 23,743,473</u>	<u>\$ 262,129</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 20,272,532	\$ (417,744)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	9,533,231	58,915
Other miscellaneous revenue	38,877	531,120
Change in assets and liabilities:		
Receivables, net	1,013,846	21,826
Due from other governments	(1)	-
Deferred outflows related to pension	349,113	-
Deferred outflows related to OPEB	(609,966)	-
Accounts payable	982,240	538,274
Deposits subject to refund	106,199	-
Due from other funds	-	(13,774)
Due to employees	14,887	-
Due to other funds	-	220,691
Claims liability	(134,256)	(752,797)
Landfill closure liability	202,428	-
Total OPEB liability	174,771	-
Net pension liability	113,734	-
Accrued compensated absences	58,399	(16,540)
Deferred inflows related to OPEB	531,612	-
Deferred inflows related to pension	(57,394)	-
Net cash provided by operating activities	<u>\$ 32,590,252</u>	<u>\$ 169,971</u>
Noncash investing, capital and financing activities:		
Principal forgiveness on debt	\$ 568,063	\$ -
Book value of disposed assets	(55,735)	(3,809)
Noncash capital contributions received	2,681,815	1,945,372
	<u>\$ 3,194,143</u>	<u>\$ 1,941,563</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, 2021**

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Fiduciary Fund Statement of Fiduciary Net Position - June 30, 2021

	City Employees Retirement Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,414,267
Investments, at fair value:	
Purchased judgments	861,243
United States government securities and agencies	1,561,307
Common stock	8,608,716
Mutual funds	54,567,462
Interest receivable	43,957
Employer contributions receivable	102,305
Total assets	<u>\$ 67,159,257</u>
LIABILITIES	
Other payables	370,197
Total liabilities	<u>\$ 370,197</u>
NET POSITION:	
Net position restricted for pensions	<u><u>\$ 66,789,060</u></u>

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Fiduciary Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2021

	City Employees Retirement Trust Fund
ADDITIONS	
Contributions:	
Members	\$ 875,487
Employer	1,827,683
Total Contributions	<u>2,703,170</u>
Investment Income:	
Net increase in fair value of investments	11,548,993
Interest, dividends and other	3,132,329
Total Investment Income	<u>14,681,322</u>
Less investment expense:	
Investment activity expense	<u>(363,250)</u>
Net Investment Income	<u>14,318,072</u>
Total Additions	<u>17,021,242</u>
DEDUCTIONS	
Benefits paid to participants or beneficiaries	5,519,369
Refunds and transfers to other systems	1,137,682
Administrative expense	22,181
Total Deductions	<u>6,679,232</u>
Change in net position restricted for pensions	10,342,010
Net position - beginning	<u>56,447,050</u>
Net position - ending	<u>\$ 66,789,060</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, 2021**

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Component Units – Combining Statement of Net Position - June 30, 2021

	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	FIRES INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
ASSETS										
Current Assets:										
Cash, including time deposits	\$ 802,074	\$ 97,243	\$ 104,441	\$ 424,691	\$ 1,111,477	\$ 862,697	\$ 22,072	\$ 402,489	\$ 46,167	\$ 3,873,351
Restricted cash	-	-	-	-	-	160	-	4,113,217	-	4,113,377
Investments	-	-	-	1,446,637	-	-	-	-	-	1,446,637
Accounts receivable	98,699	-	5,731	81,510	218,251	1,142,816	-	217,190	169,250	1,933,447
Accrued interest receivable	-	-	-	19	-	-	-	-	-	19
Inventory	104,221	-	-	33,527	-	-	-	-	-	137,748
Land held for resale	-	-	-	-	-	2,654,679	-	-	-	2,654,679
Due from other governments	704,694	-	-	-	-	-	-	143,839	-	848,533
Prepaid items	10,413	94	188	7,328	-	-	-	25,691	-	43,714
Total current assets	1,720,101	97,337	110,360	1,993,712	1,329,728	4,660,352	22,072	4,902,426	215,417	15,051,505
Noncurrent Assets:										
Cash, including time deposits	1,119,442	-	-	-	-	-	-	-	-	1,119,442
Due from other governments	-	-	-	-	-	-	568,658	-	-	568,658
Prepaid land lease	280,280	-	-	-	-	-	-	-	-	280,280
Other assets	5,727	-	-	-	-	-	-	250	-	5,977
Capital Assets:										
Land and construction in progress	7,128,700	-	-	-	-	-	244,109	183,225	-	7,556,034
Depreciable, net of accumulated depreciation	19,503,205	-	645,942	5,687,755	-	-	97,611	-	7,350	25,941,863
Total noncurrent assets	28,037,354	-	645,942	5,687,755	-	-	812,767	281,086	7,350	35,472,254
Total Assets	29,757,455	97,337	756,302	7,681,467	1,329,728	4,660,352	834,839	5,183,512	222,767	50,523,759
LIABILITIES										
Current Liabilities:										
Accounts payable and accrued liabilities	79,589	-	4,263	44,825	41,759	1,400	2,080	102,771	-	276,687
Unearned revenue	14,281	2,140	350	-	-	42,500	-	59,893	-	119,164
Interest payable	-	-	-	-	-	388,947	-	37,536	-	426,483
Notes payable	632,113	-	-	88,369	-	935,000	-	1,115,000	-	2,770,482
Total current liabilities	725,983	2,140	4,613	133,194	41,759	1,367,847	2,080	1,315,200	-	3,592,816
Noncurrent Liabilities:										
Accrued compensated absences	29,426	-	-	-	-	-	-	-	-	29,426
Due to primary government	-	-	-	-	-	684,533	102,266	-	126,930	913,729
Due to other governments	-	-	-	-	-	568,658	-	-	-	568,658
Notes payable	12,286	-	-	-	-	26,460,442	-	17,270,000	-	43,742,728
Total noncurrent liabilities	41,712	-	-	-	-	27,713,633	102,266	17,270,000	126,930	45,254,541
Total Liabilities	767,695	2,140	4,613	133,194	41,759	29,081,480	104,346	18,585,200	126,930	48,847,357
NET POSITION										
Net investment in capital assets	26,608,505	-	645,942	5,687,755	-	-	244,109	280,836	7,350	33,474,497
Restricted for construction projects	1,119,442	-	-	-	-	-	-	4,113,217	-	5,232,659
Restricted for grant projects	-	-	-	1,494,805	-	-	-	-	-	1,494,805
Unrestricted (deficit)	1,261,813	95,197	105,747	365,713	1,287,969	(24,421,128)	486,384	(17,795,741)	88,487	(38,525,559)
Total Net Position	\$ 28,989,760	\$ 95,197	\$ 751,689	\$ 7,548,273	\$ 1,287,969	\$ (24,421,128)	\$ 730,493	\$ (13,401,688)	\$ 95,837	\$ 1,676,402

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Component Units - Combining Statement of Activities - Year Ended June 30, 2021

	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	FIRES INNOVATION SCIENCE AND TECHNOLOGY ACCELERATOR	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
Expenses:										
Airport	\$ 3,810,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,810,563
Culture and recreation	-	11,076	103,264	793,552	229,815	-	-	-	-	1,137,707
Economic development	-	-	-	-	-	260,581	14,847	15,783,299	-	16,058,727
Transportation	-	-	-	-	-	-	-	-	187,126	187,126
Interest expense	1,542	-	-	-	-	1,255,237	-	-	-	1,256,779
Total expenses	3,812,105	11,076	103,264	793,552	229,815	1,515,818	14,847	15,783,299	187,126	22,450,902
Program Revenues:										
Charges for services	1,727,449	3,000	19,746	146,553	-	-	-	1,997,220	-	3,893,968
Operating grants and contributions	656,307	-	148,948	641,613	792,841	2,465,925	-	383,839	184,730	5,274,203
Capital grants and contributions	5,586,336	-	-	-	-	-	-	-	-	5,586,336
Total program revenues	7,970,092	3,000	168,694	788,166	792,841	2,465,925	-	2,381,059	184,730	14,754,507
Net revenue (expense)	4,157,987	(8,076)	65,430	(5,386)	563,026	950,107	(14,847)	(13,402,240)	(2,396)	(7,696,395)
General Revenues (Expense):										
Investment income	690	-	47	227,991	785	330	3	552	150	230,548
Total general revenues	690	-	47	227,991	785	330	3	552	150	230,548
Change in Net Position	4,158,677	(8,076)	65,477	222,605	563,811	950,437	(14,844)	(13,401,688)	(2,246)	(7,465,847)
Net Position, beginning of year, restated	24,831,083	103,273	686,212	7,325,668	724,158	(25,371,565)	745,337	-	98,083	9,142,249
Net Position, end of year	\$ 28,989,760	\$ 95,197	\$ 751,689	\$ 7,548,273	\$ 1,287,969	\$ (24,421,128)	\$ 730,493	\$ (13,401,688)	\$ 95,837	\$ 1,676,402

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Component Units Combining - Governmental Funds Balance Sheet - June 30, 2021

	<u>LAWTON ENHANCEMENT TRUST AUTHORITY</u>	<u>LAWTON ECONOMIC DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,111,477	\$ 862,857	\$ 1,974,334
Accounts receivable	218,251	1,142,816	1,361,067
Land held for resale	-	2,654,679	2,654,679
Total assets	<u>1,329,728</u>	<u>4,660,352</u>	<u>5,990,080</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	41,759	1,400	43,159
Due to other primary government	-	684,533	684,533
Due to other government	-	568,658	568,658
Interest payable	-	1,400	1,400
	<u>41,759</u>	<u>1,255,991</u>	<u>1,297,750</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	-	42,500	42,500
Fund balances:			
Nonspendable	-	2,654,679	2,654,679
Committed	1,287,969	-	1,287,969
Unassigned	-	707,182	707,182
Total fund balances	<u>1,287,969</u>	<u>3,361,861</u>	<u>4,649,830</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,329,728</u>	<u>\$ 4,660,352</u>	<u>\$ 5,990,080</u>
Reconciliation to Government Wide Statement of Net Position:			
Total fund balance, governmental discretely presented component units	1,287,969	3,361,861	4,649,830
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	-	(387,547)	(387,547)
Notes payable	-	(27,395,442)	(27,395,442)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 1,287,969</u>	<u>\$ (24,421,128)</u>	<u>\$ (23,133,159)</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, 2021

Component Units Combining - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2021

	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	TOTALS
REVENUES			
Intergovernmental	\$ -	\$ 1,341,215	\$ 1,341,215
Investment income	785	330	1,115
Miscellaneous	792,841	1,124,709	1,917,550
Total revenues	<u>793,626</u>	<u>2,466,254</u>	<u>3,259,880</u>
EXPENDITURES			
Current:			
Culture and recreation	229,815	-	229,815
Economic development	-	260,581	260,581
Debt Service:			
Principal	-	730,425	730,425
Interest and fiscal charges	-	1,328,834	1,328,834
Total expenditures	<u>229,815</u>	<u>2,319,840</u>	<u>2,549,655</u>
Excess (deficiency) of revenues over expenditures	<u>563,811</u>	<u>146,414</u>	<u>710,225</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	201,031	201,031
Total other financing sources (uses)	<u>-</u>	<u>201,031</u>	<u>201,031</u>
Net change in fund balances	563,811	347,445	911,256
Fund balances - beginning	724,158	3,014,416	3,738,574
Fund balances - ending	<u>\$ 1,287,969</u>	<u>\$ 3,361,861</u>	<u>\$ 4,649,830</u>
Reconciliation to Government Wide Statement of Activities:			
Net change in fund balance :	563,811	347,445	911,256
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	-	730,425	730,425
Loan proceeds	-	(201,031)	(201,031)
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	-	73,598	73,598
Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ 563,811</u>	<u>\$ 950,437</u>	<u>\$ 1,514,248</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, 2021**

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, 2021**

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.

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

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

1.B. Basis of Presentation and Accounting

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

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

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, Lawton Metropolitan Planning Organization and Fires Innovation Science and Technology Accelerator Development Trust Authority.

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

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

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

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

Major Funds:

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

Aggregated Nonmajor Funds (reported as Other Governmental Funds):

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Maintenance Fund, Animal Donation Fund, LETA Beautification Fund, Cemetery Reward Fund, Lawton Industrial Development Authority, Hotel/Motel Tax Fund, Project Impact Fund, Mass Transit Fund, Impact Fees Fund, Rental Revenue Fund, Cellular Service Fee Fund, and Police and Fire Training Fund.

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

Capital Project Funds:

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

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

Proprietary Funds:

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

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

The City’s proprietary funds include the following:

Enterprise Fund

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

Internal Service Funds (combined for reporting purposes)

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

Fiduciary Funds:

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

Pension Trust Fund

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

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

Deposits and Investments:

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

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

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

Restricted Assets:

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

Receivables and Payables:

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

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

Inventories:

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

Land Held for Resale:

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

Capital Assets:

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

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

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

Long-term obligations:

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

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

member's hourly wage. Firefighter's shall be paid for sick leave upon voluntary resignation or retirement. Upon retirement with the City, firefighter's shall be paid for all current sick leave up to 576 hours for staff division and 864 hours for shift division at the rate of 75% of hourly rate at the time of retirement. Amounts in excess of the aforementioned amounts shall be paid at the rate of 100% of his hourly rate. At resignation, a firefighter shall be paid from 25% to 75% of their hourly pay for vacation leave up to 576 hours based upon hours accrued. Hours in excess of 576 for staff and 864 for shift division are paid at 100% of current hourly rate of pay.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government reports the following deferred outflows: A deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows related to certain pension and OPEB items.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and will not be recognized as in inflow of resources (revenues) until that time. The government reports deferred inflows related to certain pension and OPEB items.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

Net Position is displayed in three components:

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

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021, the City's net assessed valuation of taxable property was \$443,649,531. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021 was \$9.64.

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.

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2021

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	\$ 114,448,119	n/a	n/a	\$ 114,448,119	\$ -	\$ -	\$ -	\$ -
Time deposits	5,292,800	n/a	Level II	-	1,998,059	3,294,741	-	-
Money Market Accounts	12,217,017	n/a	n/a	12,217,017	-	-	-	-
U.S. Treasury Obligations	997,214	AA+	Level I	-	499,890	497,324	-	-
U.S. Agencies Obligations	7,061,777	AA+	Level II	-	1,511,325	3,989,145	-	1,561,307
Sub-T total	\$ 140,016,927			\$ 126,665,136	\$ 4,009,274	\$ 7,781,210	\$ -	\$ 1,561,307
Mutual Funds	54,567,462	n/a	Level I					
Common stock	8,608,716	n/a	Level I					
Purchased judgments	861,243	n/a	Level III					
Total Deposits and Investments	\$ 204,054,348							

Reconciliation to Financial Statements:

Cash and cash equivalents	\$ 118,647,095
Cash and cash equivalents, restricted - current	4,148,094
Cash and cash equivalents, restricted - noncurrent	2,378,613
Investments	9,121,435
Investments, restricted	2,746,116
Retirement fund investments:	
Judgments purchased as investments	861,243
Mutual funds and other investments	54,567,462
U.S. government security agencies	1,561,307
Common stock	8,608,716
Retirement fund cash and cash equivalents	1,414,267
	\$ 204,054,348

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

At June 30, 2021, the City was not exposed to custodial credit risk. The discretely presented component units were not exposed to custodial credit risk.

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

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other 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, 2021, the investments held by the City mature between 2021 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, 2021, the City has 9.07% of their investments in FHLB, 8.64% in FHLMC, 15.7% in FNMA, 8.96% in FFCB Bonds, 51.65% in common stock, and 5.98% in US Treasuries obligations.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

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, 2021 are as follows:

Restricted Cash and Cash Equivalents and Investments:	
Landfill Financial Trust	\$ 158,596
Public Works Debt Service	1,811,015
Series 2001B Promissory Note Debt Service	103
Series 2011 Sales Tax Utility Revenue Bond Debt Service	109,107
Series 2013 Sales Tax Utility Revenue note - debt service	330,725
Series 2016 Sales Tax Utility Revenue Bond:	
Debt Service	1,289,280
Construction	2,378,613
Meter deposit funds	3,195,384
	<u>\$ 9,272,823</u>
Reconciliation to Proprietary Statement of Net Position:	
Cash and cash equivalents, current	\$ 4,148,094
Cash and cash equivalents, non current	2,378,613
Investments, current	2,746,116
	<u>\$ 9,272,823</u>

Restricted cash of the Lawton Economic Development Authority is related to debt service accounts for the outstanding note payable totaling \$160. Restricted assets of FISTA relate to construction funds from the outstanding note payable \$4,113,217.

2.B. Accounts Receivable

Significant account receivable balances at June 30, 2021 were:

	Governmental Activities	Business Type Activites	Total
Accounts Receivable:			
Emergency Communication Fees	\$ 30,860	\$ -	\$ 30,860
Utilities	-	8,611,614	8,611,614
Capital Fee	-	448,433	448,433
Landfill fees	43,964	-	43,964
Drainage maintenance fee	124,256	-	124,256
Hotel/Motel	237,050	-	237,050
Stormwater mainteance fees	6,580	-	6,580
Sewer rehab fees	-	85,525	85,525
Miscellaneous	194,313	-	194,313
Mortgages receivable	383,470	-	383,470
Allowance for uncollectible	(83,520)	(2,281,971)	(2,365,491)
	<u>\$ 936,973</u>	<u>\$ 6,863,601</u>	<u>\$ 7,800,574</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2021, capital assets balances changed as follows:

	Balance at July 1, 2020	Additions	Deductions	Transfers	Balance at June 30, 2021
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 5,056,879	\$ -	\$ -	\$ -	\$ 5,056,879
Construction in progress	56,786,280	11,473,992	(8,881,837)	(1,432,602)	57,945,833
Total capital assets not being depreciated	<u>61,843,159</u>	<u>11,473,992</u>	<u>(8,881,837)</u>	<u>(1,432,602)</u>	<u>63,002,712</u>
Other capital assets:					
Buildings and improvements	57,182,193	15,411,687	(90,540)	-	72,503,340
Infrastructure	111,829,825	7,534,717	-	-	119,364,542
Machinery, furniture and equipment	42,614,758	4,000,453	(739,680)	(1,540)	45,873,991
Intangibles	91,963	-	(404)	-	91,559
Total other capital assets	<u>211,718,739</u>	<u>26,946,857</u>	<u>(830,624)</u>	<u>(1,540)</u>	<u>237,833,432</u>
Less accumulated depreciation for:					
Buildings and improvements	25,206,013	1,392,000	(45,976)	-	26,552,037
Infrastructure	46,618,673	3,686,264	-	-	50,304,937
Machinery, furniture and equipment	34,343,140	2,650,725	(730,443)	2,106	36,265,528
Total accumulated depreciation	<u>106,167,826</u>	<u>7,728,989</u>	<u>(776,419)</u>	<u>2,106</u>	<u>113,122,502</u>
Other capital assets, net	<u>105,550,913</u>	<u>19,217,868</u>	<u>(54,205)</u>	<u>(3,646)</u>	<u>124,710,930</u>
Governmental activities capital assets, net	<u>\$ 167,394,072</u>	<u>\$ 30,691,860</u>	<u>\$ (8,936,042)</u>	<u>\$ (1,436,248)</u>	<u>\$ 187,713,642</u>

	Balance at July 1, 2020	Additions	Deductions	Transfers	Balance at June 30, 2021
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,893,571	\$ -	\$ -	\$ -	\$ 1,893,571
Construction in progress	9,379,017	5,408,586	(204,237)	1,432,602	16,015,968
Total capital assets not being depreciated	<u>11,272,588</u>	<u>5,408,586</u>	<u>(204,237)</u>	<u>1,432,602</u>	<u>17,909,539</u>
Other capital assets:					
Buildings and utility infrastructure	309,808,029	457,660	(7,508)	-	310,258,181
Machinery, furniture and equipment	26,333,674	3,338,163	(452,154)	814	29,220,497
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	<u>374,512,853</u>	<u>3,795,823</u>	<u>(459,662)</u>	<u>814</u>	<u>377,849,828</u>
Less accumulated depreciation for:					
Buildings and utility infrastructure	139,596,477	7,232,361	(4,642)	-	146,824,196
Machinery, furniture and equipment	19,971,953	1,914,870	(406,080)	(2,833)	21,477,910
Water rights	10,080,004	386,000	-	-	10,466,004
Total accumulated depreciation	<u>169,648,434</u>	<u>9,533,231</u>	<u>(410,722)</u>	<u>(2,833)</u>	<u>178,768,110</u>
Other capital assets, net	<u>204,864,419</u>	<u>(5,737,408)</u>	<u>(48,940)</u>	<u>3,647</u>	<u>199,081,718</u>
Business-type activities capital assets, net	<u>\$ 216,137,007</u>	<u>\$ (328,822)</u>	<u>\$ (253,177)</u>	<u>\$ 1,436,249</u>	<u>\$ 216,991,257</u>

Included in the business-type activities addition is \$4.2 million of assets being constructed by the city's governmental funds (recognized as expenditures) and transferred by the City to the Lawton Water Authority Fund. These assets relate to water, sewer and landfill projects.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

	Balance at July 1, 2020	Additions	Deductions	Balance at June 30, 2021
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	2,442,093	5,062,660	383,853	7,120,900
Total non-depreciable assets at historical cost	<u>2,449,893</u>	<u>5,062,660</u>	<u>383,853</u>	<u>7,128,700</u>
Depreciable:				
Runways, ramps, and roads	29,577,657	114,908	-	29,692,565
Buildings and improvements	15,278,194	261,597	-	15,539,791
Equipment and fixtures	3,008,951	213,283	-	3,222,234
Furniture and equipment	139,518	12,000	-	151,518
Total depreciable assets at historical cost	<u>48,004,320</u>	<u>601,788</u>	<u>\$ -</u>	<u>48,606,108</u>
Less accumulated depreciation				
Runways, ramps, and roads	20,823,549	902,907	-	21,726,456
Buildings and improvements	4,278,486	332,228	-	4,610,714
Equipment and fixtures	2,490,593	164,568	-	2,655,161
Furniture and equipment	105,161	5,411	-	110,572
Total accumulated depreciation	<u>27,697,789</u>	<u>1,405,114</u>	<u>\$ -</u>	<u>29,102,903</u>
Other capital assets, net	<u>20,306,531</u>	<u>(803,326)</u>	<u>\$ -</u>	<u>19,503,205</u>
Net depreciable assets	<u>\$ 22,756,424</u>	<u>\$ 4,259,334</u>	<u>\$ 383,853</u>	<u>\$ 26,631,905</u>
	Balance at July 1, 2020	Additions	Deductions	Balance at June 30, 2021
Museum of the Great Plains Trust Authority				
Depreciable:				
Furniture and equipment	\$ 374,455	\$ -	\$ 9,884	\$ 364,571
Leasehold improvements	5,204,548	-	-	5,204,548
Collections and exhibits	1,141,680	-	-	1,141,680
Copyrights	3,000	-	-	3,000
Total depreciable assets at historical cost	<u>6,723,683</u>	<u>-</u>	<u>9,884</u>	<u>6,713,799</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>882,261</u>	<u>153,667</u>	<u>9,884</u>	<u>1,026,044</u>
Net depreciable assets	<u>\$ 5,841,422</u>	<u>\$ (153,667)</u>	<u>-</u>	<u>\$ 5,687,755</u>
Net assets	<u>\$ 5,841,422</u>	<u>\$ (153,667)</u>	<u>-</u>	<u>\$ 5,687,755</u>
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	<u>\$ 248,274</u>	<u>-</u>	<u>4,165</u>	<u>\$ 244,109</u>
McMahon Auditorium Authority				
Depreciable:				
Furniture and fixtures	\$ 155,116	\$ 122,660	\$ -	\$ 277,776
Buildings improvements	598,657	-	-	598,657
Machinery and equipment	75,866	1,499	-	77,365
Total depreciable assets at historical cost	<u>829,639</u>	<u>124,159</u>	<u>-</u>	<u>953,798</u>
Less accumulated depreciation				
Furniture and fixtures	55,889	27,894	-	83,783
Buildings improvements	118,733	34,798	-	153,531
Machinery and equipment	69,858	684	-	70,542
Total accumulated depreciation	<u>244,480</u>	<u>63,376</u>	<u>-</u>	<u>307,856</u>
Net depreciable assets	<u>\$ 585,159</u>	<u>\$ 60,783</u>	<u>\$ -</u>	<u>\$ 645,942</u>
Net assets	<u>\$ 585,159</u>	<u>\$ 60,783</u>	<u>\$ -</u>	<u>\$ 645,942</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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	\$ 17,674		\$ -	\$ 17,674
Less accumulated depreciation	7,908	2,416	-	10,324
Net depreciable assets	<u>\$ 9,766</u>	<u>\$ (2,416)</u>	<u>\$ -</u>	<u>\$ 7,350</u>
FISTA				
Non-depreciable:				
Construction-in-progress	\$ -	\$ 183,225	\$ -	\$ 183,225
Total non-depreciable assets at historical cost	<u>-</u>	<u>183,225</u>	<u>-</u>	<u>183,225</u>
Depreciable:				
Buildings and improvements	-	79,359	-	79,359
Equipment and fixtures	-	13,143	-	13,143
Furniture and equipment	-	6,233	-	6,233
Total depreciable assets at historical cost	<u>-</u>	<u>98,735</u>	<u>\$ -</u>	<u>98,735</u>
Less accumulated depreciation				
Buildings and improvements	-	431	-	431
Equipment and fixtures	-	619	-	619
Furniture and equipment	-	74	-	74
Total accumulated depreciation	<u>-</u>	<u>1,124</u>	<u>\$ -</u>	<u>1,124</u>
Other capital assets, net	<u>-</u>	<u>97,611</u>	<u>\$ -</u>	<u>97,611</u>
Net depreciable assets	<u>\$ -</u>	<u>\$ 280,836</u>	<u>\$ -</u>	<u>\$ 280,836</u>

Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:	
General Government	\$ 5,607,657
Public Safety	1,333,098
Streets	554,732
Culture and Recreation	174,587
Sub-total governmental funds depreciation	<u>7,670,074</u>
Allocated Internal Service Fund Depreciation	58,915
Total	<u>\$ 7,728,989</u>
Business-Type Activities:	
Water	\$ 4,339,065
Wastewater	3,354,181
Sanitation	1,839,985
Total depreciation	<u>\$ 9,533,231</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

2.D. Internal and Interfund Balances and Transfers

Internal Balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	CDBG	\$ 70,457	Grant funding
General Fund	HOME	1,935	Reimbursement
General Fund	Health	1,561,226	Reimbursement
General Fund	State Landfill	17,543	Negative cash
General Fund	Mass Transit	87,424	Negative cash
General Fund	2015 CIP	3,221,817	Negative cash
General Fund	Workers comp	11,088	Negative cash
LETA Beautification	General Fund	77,368	Reimbursement
TIF Fund	General Fund	132,715	Reimbursement
Fringe benefit	Group Health	15,047	Reimbursement
General Fund	Information Technology	213,052	Negative cash
Total		<u>\$ 5,409,672</u>	

<u>Reconciliation to Fund Financial Statements:</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 5,409,672	\$ 3,624,306	\$ 1,785,366
Internal Service Funds	-	1,785,366	\$ (1,785,366)
Total	<u>\$ 5,409,672</u>	<u>\$ 5,409,672</u>	<u>\$ -</u>

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

LEDA entered into an agreement with the City where the City made interest payments on certain long-term debts. LEDA must repay the City with interest at 2.0%. At June 30, 2021 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, 2021, LEDA owed the City \$270,211.

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, 2021, the LMPO owed the city \$126,930.

At June 30, 2021, LURA owes the City \$102,266 for utility services.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>	
General Fund	Water Authority	\$ 19,847,816	Excess utility collections	
General Fund	Officer Training Fund	10,495	Transfer of revenues	
General Fund	2019 CIP	2,684,000	Operating subsidy	
Federal Grant	General Fund	40,900	Grant matching	
LIDA	2016 CIP Fund	1,548,957	Debt service	
LIDA	2015 CIP	4,020,122	Debt service	
2015 CIP	LIDA	5,202,258	Project transfer	
2016 CIP Fund	Water Authority	3,331,533	Project transfer	
2019 CIP Fund	General Fund	26,364,023	Sales tax transfer	
Animal Steralization/Shelter	General Fund	118	Transfer of revenues	
Capital Outlay Rolling Stock Fund	Water Authority	2,924,456	Revenue transfer	
Emergency Communication	General Fund	200,000	Operating subsidy	
LETA Beautification	General Fund	24,315	Transfer of revenues	
LETA Beautification	General Fund	590,602	Sales tax transfer	
Officer Training	General Fund	242,364	Transfer of revenues	
Police and Fire Training Fund	General Fund	42,620	Transfer of revenues	
TIF Fund	General Fund	714,338	Sales tax transfer	
Information Technology	Water Authority	600	Operating subsidy	
Water Authority	Capital outlay rolling stock	382,052	Debt service	
Water Authority	2016 CIP Fund	2,586,840	Debt service	
Water Authority	General Fund	300,000	Operating subsidy	
		<u>\$ 71,058,409</u>		
<u>Reconciliation to fund financial statements:</u>		Transfers to	Transfers from	Net
		<u>Other Funds</u>	<u>Other Funds</u>	<u>Transfers</u>
Governmental Funds		\$ (44,954,004)	\$ 67,788,917	\$ 22,834,913
Enterprise Funds		(26,104,405)	3,268,892	(22,835,513)
Internal Service Funds		-	600	600
Totals		<u>\$ (71,058,409)</u>	<u>\$ 71,058,409</u>	<u>\$ -</u>
<u>Reconciliation to Statement of Activities:</u>				
Net Transfers				\$ 22,835,513
Capital contributions transferred from governmental funds				(2,297,919)
Capital contributions transferred from business type activities				7,493
Transfers - Internal Activity				<u>\$ 20,545,087</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

2.E. Long-Term Debt

For the year ended June 30, 2021, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 24,850,000	\$ 4,590,000	\$ 2,555,000	\$ 26,885,000	\$ 3,765,000
General Obligation Bond Premium	446,453	134,560	55,530	525,483	-
Revenue Notes (direct placement)	35,860,311	-	6,414,676	29,445,635	6,536,219
Judgments Payable (direct borrowing)	874,654	426,766	440,177	861,243	472,616
Notes Payable (direct borrowing)	1,122,000	-	99,000	1,023,000	105,000
Capital lease Obligation	3,098,419	-	534,802	2,563,617	351,968
Workers Comp Liability	554,667	-	45,544	509,123	254,561
Accrued Compensated Absences - city	5,825,877	143,116	-	5,968,993	713,295
Accrued Compensated Absences - internal service	112,177	-	16,540	95,637	11,429
Total Governmental Activities	<u>\$ 72,744,558</u>	<u>\$ 5,294,442</u>	<u>\$ 10,161,269</u>	<u>\$ 67,877,731</u>	<u>\$ 12,210,088</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				10,364,425	\$ 370,234
Net Pension Liability				63,265,280	-
				<u>\$ 141,507,436</u>	<u>\$ 12,580,322</u>
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 9,153,851	\$ 3,875,833	\$ 697,271	\$ 12,332,413	\$ 514,586
Revenue Notes (direct placement)	12,569,689	-	2,450,325	10,119,364	2,508,781
Contracts Payable (direct borrowing)	25,703,967	-	2,176,791	23,527,176	1,634,261
Contract Premium	1,021,559	-	66,987	954,572	-
Accrued Compensated Absences	938,967	58,399	-	997,366	119,485
Deposits subject to refund	2,916,275	629,862	523,663	3,022,474	453,371
Workers Comp Liability	517,203	-	134,256	382,947	191,473
Landfill Closure and Post-closure	6,964,796	202,428	-	7,167,224	1,205,799
Total Business-Type Activities	<u>\$ 59,786,307</u>	<u>\$ 4,766,522</u>	<u>\$ 6,049,293</u>	<u>\$ 58,503,536</u>	<u>\$ 6,627,756</u>
Reconciliation to Statement of Net Position:					
Total OPEB liability				2,932,791	107,160
Net Pension Liability				11,437,832	-
				<u>\$ 72,874,159</u>	<u>\$ 6,734,916</u>

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

General Obligation Bonds:

\$2,900,000 general obligation bonds dated June 1, 2016, payable in annual installments of \$320,000, with interest rates of 2.00% repaid by property tax levies	\$1,620,000
\$6,300,000 general obligation bonds dated December 1, 2019, payable in annual installments of \$700,000, with an interest rate of 2.0%, repaid by property tax levies	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	470,000

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

\$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	745,000
\$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	9,780,000
\$4,590,000 general obligation bonds dated December 2020, payable in annual installments of \$510,000, beginning December 1, 2022, with an interest rate of .50% to 2.00%, repaid by property tax levies	4,590,000
\$8,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$420,000, with interest rates of 2.05% to 3.48%, repaid by property tax levies	<u>3,380,000</u>
Total general obligation bonds	\$26,885,000
Premium on bonds outstanding	<u>525,483</u>
Net general obligation bonds	<u>\$27,410,483</u>

Judgments Payable (direct borrowing):

Court-assessed judgments to be paid with ad valorem taxes	<u>\$861,243</u>
---	------------------

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.	\$1,023,000
---	-------------

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.	4,830,635
\$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	5,695,000

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

\$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>18,920,000</u>
Total revenue notes	<u>\$29,445,635</u>

Capital Leases:

\$2,874,352 capital lease for IT equipment, matures August 2032 with interest at 2.55%	\$2,307,045
\$1,240,049 capital lease for 34 police cars, matures September 2022 with interest at 3.25%	113,094
\$345,885 capital lease for E911 phone system, matures December 2022 with interest at 2.49%	<u>143,478</u>
Total capital leases	<u>\$2,563,617</u>

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

Note Payable (direct borrowings):

Series 2003C for \$1,020,000 and Series 2003A for \$1,819,430 with interest on 2003A ranging from 1.345% to 5.245%. No interest is charged on Series 2003C; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September, 2027. All notes are secured by the revenues of the Authority's water, sanitary, and garbage collection and disposal systems. In the event of default the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	\$218,415
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.	167,952
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.	11,041,798

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

\$1,286,300 Note payable to Welch State Bank for the purchase of a sanitation truck, interest at 2.89%, payments due each August 1, through August 2023. In the event of default the lender may: 1) declare all payments due; 2) disable the equipment or take possession; 3) gain control of the equipment or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture, security agreement or lease agreement.	<u>904,248</u>
Total Notes Payable	<u>\$12,332,413</u>

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.	\$2,460,000
\$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.	3,730,000
\$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.	<u>3,929,364</u>
Revenue Notes Payable	<u>\$10,119,364</u>

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.	\$594,222
---	-----------

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

\$12,356,290 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity a may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 8,069,307

\$5,170,708 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's cost for lake maintenance and silt removal. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity a may be allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 3,967,104

\$11,896,600 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and it operations to the District. The contract refunded a portion of the 2010 contract. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.00% (subject to adjustment). In the event of default the District shall have all the rights and remedies at law or equity and maybe allowed by law, including but not limited to, suit for specific performance of any or all of the covenants of the Authority or the City contained in the loan agreement. 10,896,542

Total Contracts Payable \$23,527,176

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

Governmental-Type Activities										
Year Ending June 30,	G.O. Bonds Payable		Note Payable (direct placements)		Judgments Payable (direct placements)		Revenue Note (Direct placements)		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 3,765,000	\$ 648,720	\$ 105,000	\$ 26,786	\$ 472,616	\$ 58,013	\$ 6,536,219	\$ 585,800	\$ 351,968	\$ 80,730
2023	3,790,000	560,062	110,000	24,036	246,372	25,170	6,704,014	449,113	248,104	66,440
2024	3,170,000	474,194	117,000	21,103	142,255	8,844	6,838,313	309,116	183,175	55,105
2025	3,170,000	383,840	124,000	17,918	-	-	5,417,669	166,248	191,096	48,732
2026	3,190,000	317,712	130,000	14,484	-	-	3,949,420	65,471	199,254	43,969
2027-2031	9,800,000	518,330	437,000	19,676	-	-	-	-	1,127,359	112,588
2032-2033	-	-	-	-	-	-	-	-	262,661	4,700
Total	\$ 26,885,000	\$ 2,902,858	\$ 1,023,000	\$ 124,003	\$ 861,243	\$ 92,027	\$ 29,445,635	\$ 1,575,748	\$ 2,563,617	\$ 412,264

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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
2022	\$ 514,586	\$ 530,070	\$ 2,508,781	\$ 236,541	\$ 1,634,261	\$ 841,196
2023	439,760	531,199	2,590,986	174,116	1,688,606	790,807
2024	341,998	521,963	2,651,687	109,800	1,735,847	741,832
2025	733,718	505,597	1,443,091	45,496	1,789,077	691,444
2026	751,984	475,776	415,000	22,208	1,835,856	635,308
2027-2031	4,062,578	1,903,985	509,819	12,083	9,468,185	2,189,844
2032-2033	4,612,474	1,034,470	-	-	5,375,344	665,590
2037-2039	2,535,646	154,967	-	-	-	-
Less amount not drawn	(1,660,331)	-	-	-	-	-
Total	<u>\$ 12,332,413</u>	<u>\$ 5,658,027</u>	<u>\$ 10,119,364</u>	<u>\$ 600,244</u>	<u>\$ 23,527,176</u>	<u>\$ 6,556,021</u>

Component Unit Notes Payable

Type of Debt	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amount due in one year
Component Units:					
Lawton Metropolitan Area Airport Authority:					
Note payable (direct borrowing)	\$ 229,993	\$ 621,000	\$ 206,594	\$ 644,399	\$ 632,113
Total Debt	<u>\$ 229,993</u>	<u>\$ 621,000</u>	<u>\$ 206,594</u>	<u>\$ 644,399</u>	<u>\$ 632,113</u>
Lawton Economic Development Authority:					
Note payable (direct borrowing)	\$ 27,924,836	\$ 201,031	\$ 730,425	\$ 27,395,442	\$ 935,000
Total Debt	<u>\$ 27,924,836</u>	<u>\$ 201,031</u>	<u>\$ 730,425</u>	<u>\$ 27,395,442</u>	<u>\$ 935,000</u>
FISTA					
Note payable (direct borrowing)	\$ -	\$ 18,385,000	\$ -	\$ 18,385,000	\$ 1,115,000
Total Debt	<u>\$ -</u>	<u>\$ 18,385,000</u>	<u>\$ -</u>	<u>\$ 18,385,000</u>	<u>\$ 1,115,000</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.

\$26,053,560

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

\$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.

1,341,882

Total LEDA Debt

\$27,395,442

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 \$18,705,168. Net utility revenues received in the current year were \$30,017,513. Debt service payments of \$492,953 for the current fiscal year were 1.60% of pledged net utility revenues.

Landfill Closure Liability

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

The \$7,167,224 reported as accrued landfill closure cost liability at June 30, 2021, represents the cumulative amount of such costs reported to date based on the use of 78.67% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$1,943,031 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 2021. The City has \$790,047 set aside to fund the estimated landfill closure cost liability. At June 30, 2021, the landfill had a remaining estimated useful life of approximately six years.

2.F. Net Position and Fund Balances

At June 30, 2021, the City's governmental activities had total restricted net position of \$22,880,436, of that amount \$2,418,838 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, 2021, the General Fund has committed fund balance for stabilization of \$2,940,705.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

	General Fund	Federal Grant Fund	Major Capital Project Fund		Other Governmental Funds	Total
			2019 CIP Fund	Street and GO Bond Fund		
Fund Balance:						
Nonspendable:						
Inventory	\$ 174,443	\$ -	\$ -	\$ -	\$ -	\$ 174,443
	174,443	-	-	-	-	174,443
Restricted For:						
Animal control	\$ -	\$ -	\$ -	\$ -	\$ 98,840	\$ 98,840
Police operations	-	-	-	-	6,278	6,278
Public safety training	-	-	-	-	324,406	324,406
Debt service	-	-	-	-	3,157,484	3,157,484
Capital improvements	-	-	-	19,507,731	9,186,350	28,694,081
Drainage maintenance fund	-	-	-	-	1,140,804	1,140,804
Transportation programs	-	-	-	-	197,433	197,433
Culture and rec programs	-	-	-	-	13,366	13,366
Economic development	-	-	-	-	12,455,693	12,455,693
General government programs	-	-	-	-	781,210	781,210
General government grants	-	416,689	-	-	584,376	1,001,065
Fire education programs	-	-	-	-	9,034	9,034
Police - drug programs	-	-	-	-	183,832	183,832
Cemetery improvements	-	-	-	-	182,202	182,202
Park improvements	-	-	-	-	19,085	19,085
Sub-total restricted	-	416,689	-	19,507,731	28,340,393	48,264,813
Committed to:						
Beautification	-	-	-	-	17,611	17,611
Stabilization	2,940,705	-	-	-	-	2,940,705
Sub-total committed	2,940,705	-	-	-	17,611	2,958,316
Assigned to:						
Insurance proceeds	258,981	-	-	-	-	258,981
General government	2,686,226	-	-	-	-	2,686,226
Police	567,928	-	-	-	352,906	920,834
Culture and rec programs	106,018	-	-	-	-	106,018
Stormwater mitigation	285,775	-	-	-	-	285,775
Recycling	30,591	-	-	-	-	30,591
Facilities management	-	-	-	-	56,432	56,432
Supplement next fiscal year budget	3,114,216	-	-	-	-	3,114,216
Capital improvements	-	-	25,705,439	-	7,173,108	32,878,547
Sub-total assigned	7,049,735	-	25,705,439	-	7,582,446	40,337,620
Unassigned (deficit):	17,275,698	-	-	-	(4,312,364)	12,963,334
TOTAL FUND BALANCE	\$ 27,440,581	\$ 416,689	\$ 25,705,439	\$ 19,507,731	\$ 31,628,086	\$ 104,698,526

Effective July 1, 2020, the City implemented GASB 84 and GASB 97. These statements establish criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Adoption of GASB 84 and 97 resulted in the City's agency funds no longer meeting the definition of a fiduciary fund. The License & Permits Fund, Municipal Court Fund, and Fringe Benefit Fund are reported as part of the General Fund and the Meter Deposits Fund is reported as part of the Lawton Water Authority Fund. The adoption of GASB 84 and 97 resulted in the following adjustments to beginning net position or fund balances at July 1, 2020:

	Governmental Funds	Governmental Activities	Business-type Activities/Enterprise Funds
Beginning fund balance/net position as previously reported	\$84,986,221	\$114,174,905	\$179,174,987
Fund reclassification, implementation GASB 84	304,410	304,410	188,684
Beginning fund balance/net position, restated	\$85,290,631	\$114,479,315	\$179,363,671

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Note 3. OTHER NOTES

3.A. Risk Management

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

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

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

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

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</u>
Claim liability, June 30, 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	1,071,870	1,079,904	2,151,774
Claims and changes in estimates	1,543,682	8,005,290	9,548,972
Claims payments	<u>(1,723,482)</u>	<u>(8,758,087)</u>	<u>(10,481,569)</u>
Claim liability, June 30, 2021	<u>\$ 892,070</u>	<u>\$ 327,107</u>	<u>\$ 1,219,177</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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Aggregate Pension Information for all plans was as follows:

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Liability			
Employee Retirement System	27,035,258	11,437,832	38,473,090
Police	3,707,113	-	3,707,113
Firefighters	32,522,909	-	32,522,909
	<u>63,265,280</u>	<u>11,437,832</u>	<u>74,703,112</u>
Deferred Outflows of Resources			
Employee Retirement System	3,373,978	1,317,119	4,691,097
Police	6,302,129	-	6,302,129
Firefighters	6,965,231	-	6,965,231
	<u>16,641,338</u>	<u>1,317,119</u>	<u>17,958,457</u>
Deferred Inflows of Resources			
Employee Retirement System	979,653	1,102,864	2,082,517
Police	1,178,663	-	1,178,663
Firefighters	5,156,060	-	5,156,060
	<u>7,314,376</u>	<u>1,102,864</u>	<u>8,417,240</u>
Pension Expense			
Employee Retirement System	2,716,312	1,149,193	3,865,505
Police	4,337,107	-	4,337,107
Firefighters	5,542,326	-	5,542,326
	<u>\$ 12,595,745</u>	<u>\$ 1,149,193</u>	<u>\$ 13,744,938</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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021, 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	317
Retirees or Beneficiaries receiving benefits	<u>268</u>
Total	<u>585</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021, the City recognized \$2,160,861 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$13,070,842. Employee contributions for FY 2021 were \$903,064.

D. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 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	\$ 93,108,562	\$ 56,985,305	\$ 36,123,257
Charges for year:			
Service cost	2,100,205	-	2,100,205
Interest expense	6,284,828	-	6,284,828
Contributions - employer	-	1,936,534	(1,936,534)
Contributions - employee	-	1,009,330	(1,009,330)
Net investment income	-	2,949,886	(2,949,886)
Benefits paid	(6,391,905)	(6,391,905)	-
Change in assumptions	-	-	-
Difference between actual and expected experience	(181,551)	-	(181,551)
Plan administrative expenses	-	(42,101)	42,101
Net changes	<u>\$ 1,811,577</u>	<u>\$ (538,256)</u>	<u>\$ 2,349,833</u>
Balances at end of year	<u>\$ 94,920,139</u>	<u>\$ 56,447,049</u>	<u>\$ 38,473,090</u>

The City reported \$3,865,505 in pension expense for the year ended June 30, 2021. At June 30, 2021, 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	\$ 397,438	\$ 1,194,716
Changes of assumptions	1,103,649	-
Net difference between projected and actual earnings on pension plan investments	-	131,056
Changes in proportion and differences between City contributions and proportionate share of contributions	1,029,149	756,745
City contributions subsequent to the measurement date	2,160,861	-
Total	<u>\$ 4,691,097</u>	<u>\$ 2,082,517</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

The \$2,160,861 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, 2022. 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:	
2022	\$ (441,916)
2023	239,016
2024	368,766
2025	280,681
2026	1,172
	\$ 447,719

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.5%) and deducting expenses. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	63%	6.00%
International Equity	8%	6.20%
Fixed Income	20%	2.75%
Government Securities	10%	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	\$ 49,162,792	\$ 38,473,090	\$ 29,489,216

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,242,570. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,056,574 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,734,852. 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, 2021, the City reported a liability of \$32,522,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 2.64% at June 30, 2020 which was a decrease from its proportion measured at June 30, 2019 of 2.98%.

For the year ended June 30, 2021, the City recognized pension expense of \$5,542,326. At June 30, 2021, 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	\$ 4,145,057	\$ 436,378
Net difference between projected and actual earnings on pension plan investments	-	551,134
Change in assumptions	478,049	-
Employer change in proportion	1,085,850	4,035,099
Difference between proportionate share and City contributions during measurement period	13,705	133,449
City contributions subsequent to the measurement date	1,242,570	-
Total	\$ 6,965,231	\$ 5,156,060

The \$1,242,570 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:

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Year ended June 30:

2022	\$	(217,678)
2023		356,108
2024		250,631
2025		177,540
2026		-
	\$	566,601

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, 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%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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	\$ 42,236,986	\$ 32,522,909	\$ 24,395,536

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

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

Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. For the year ended June 30, 2021, contributions to the pension plan from the City were \$1,348,127. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$693,788 for FY 2021 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 \$1,300,693. 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, 2021, the City reported a liability of \$3,707,113 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 3.22% at June 30, 2020, which was an decrease of 3.38% from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$4,337,107. At June 30, 2021, 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	\$ 95,905	\$ 1,006,754
Changes of assumptions	380,828	-
Net difference between projected and actual earnings on pension plan investments	4,373,815	-
Employer change in proportion	84,789	89,401
Difference between proportionate share and City contributions during measurement period	18,665	82,508
City contributions subsequent to the measurement date	1,348,127	-
Total	<u>\$ 6,302,129</u>	<u>\$ 1,178,663</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

In the year ending June 30, 2022, \$1,348,127 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 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:		
2022	\$	519,643
2023		1,090,947
2024		1,411,329
2025		813,338
2026		(59,918)
		\$ 3,775,339

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private Equity	11.58%
Commodities	0.00%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 13,095,733	\$ 3,707,113	\$ (4,233,685)

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, 2021 totaled \$196,293. Contributions to the Plan for the year ended June 30, 2021, for employees and employer were \$255,342 and \$252,385, respectively, on a covered payroll of \$7,148,312. 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.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Employees Covered by Benefit Terms at June 30, 2021:

Active Employees	812
Inactive not yet receiving benefits	70
Inactive or beneficiaries receiving benefits	<u>24</u>
Total	<u><u>906</u></u>

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2020 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2020 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.21% 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%

Changes in the Total OPEB Liability –

	Total OPEB Liability
Balance, Beginning of Year	\$ <u>13,968,037</u>
Changes for the Year:	
Service cost	972,405
Interest expense	522,915
Differences between expected and actual experience	(2,998,326)
Change of assumptions	1,306,463
Benefits paid	<u>(474,278)</u>
Net Changes	<u>(670,821)</u>
Balance, End of Year	<u>\$ 13,297,216</u>

The total liability of \$13,297,216 is allocated \$10,364,425 to governmental activities and \$2,932,791 to business-type activities based on the number of employees covered by benefit terms.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

The changes in assumptions relate to a change in the discount rate from 3.50% at June 30, 2019 to 2.21% at June 30, 2020 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, 2021, the City recognized OPEB expense of \$761,719. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,153,879
Changes of assumptions	1,621,601	1,916,131
Changes in proportion	505,254	505,255
City contributions during measurement date	15,148	15,148
City benefit payments subsequent to the measurement date	413,545	-
Total	\$ 2,555,548	\$ 6,590,413

The \$413,545 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (733,601)
2023	(733,601)
2024	(733,601)
2025	(733,601)
2026	(631,270)
Thereafter	(882,736)
	\$ (4,448,410)

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City's total OPEB liability	\$ 15,050,224	\$ 13,297,216	\$ 11,800,527

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

	1% Decrease 4.80% decreasing to 3.55%)	Current Healthcare Cost Trend Rates (5.80 % decreasing to 4.55%)	1% Increase (6.80% decreasing to 5.55%)
City's total OPEB liability	\$ 11,686,091	\$ 13,297,216	\$ 15,277,227

3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2021:

Ad Valorem Streets	\$	46,287
NW 78TH & SW Oakcliff		1,068,390
SW 7TH, McKinley to Lee		306,215
PHS 1-B, NW Carroll, SW 26th, SW Cornell, NW 36th		1,666,159
Rogers Lane Project		339,787
Public Safety Facility		2,460
City Hall Renovation		6,870
PSF		1,035,601
Propel CIP Program Planning		495,204
Rehab Lee Blvd 97th St to I44		69,022

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 2021, 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, 2021, 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, 2021, the city had \$30,536,000 available to issue.

In June 2021, the City/Authority issued a \$47,000,000 Oklahoma Water Resources Board Clean Water Promissory Note. The loan carries an interest rate of 1.74%. The loan will be used for wastewater treatment plant improvements. No draws had been made at June 30, 2021.

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, 2021, unrestricted deficit of \$24,421,128 in LEDA's statement will be reduced as the sales tax, use tax, property tax and hotel/motel tax revenue that is pledged to the TIF 2 District is used to liquidate the apportionment note.

Oklahoma State Statute Title 11, Section 17-211 B (1) prohibits the creation of a deficit fund balance in any fund. At June 30, 2021, the City had a deficit fund balance in the 2015 Capital Improvement Fund of \$4,308,330 and the Home Investment CDBG Fund of \$4,034.

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, 2021 are \$568,658. This amount represents property acquisition costs which have been paid by LURA, which pursuant to the agreement with LEDA are to be reimbursed by LEDA.

3.F. Subsequent Events

On December 1, 2021, the City issued \$3,420,000 of General Obligation Bonds to provide funds for improving streets and roadways. The bonds mature December 1, 2031 with interest rates from 1.00% to 2.00%.

In June 2022, the City and LWA entered into a loan with the Oklahoma Water Resources Board totaling \$5,000,000 for improvement to the water system. The loan is a fixed rate of 2.67% with maturity March 2032.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

General Fund Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 3,645,914	\$ 3,645,914	\$ 5,103,459	\$ 1,457,545
Resources (Inflows):				
Taxes and assessments	50,962,624	50,962,624	60,859,950	9,897,326
Fees, licenses and permits	1,294,134	1,294,134	1,347,489	53,355
Rentals and sales of property	142,676	142,676	34,847	(107,829)
Fines and forfeitures	3,704,219	3,704,219	3,207,116	(497,103)
Interest earned	261,513	261,513	81,359	(180,154)
Other sources	569,497	569,497	585,503	16,006
Intergovernmental	817,533	817,533	827,168	9,635
Grants	50,870	50,870	7,270,529	7,219,659
Total Resources (Inflows)	<u>57,803,066</u>	<u>57,803,066</u>	<u>74,213,961</u>	<u>16,410,895</u>
Amounts available for appropriation	<u>61,448,980</u>	<u>61,448,980</u>	<u>79,317,420</u>	<u>17,868,440</u>
Charges to Appropriations (Outflows):				
General Government	10,400,521	10,400,521	9,139,249	1,261,272
Public Safety	31,121,499	31,121,499	33,271,633	(2,150,134)
Streets	8,301,672	8,301,672	7,699,938	601,734
Culture and Recreation	6,528,856	6,528,856	5,899,055	629,801
Total Charges to Appropriations	<u>56,352,548</u>	<u>56,352,548</u>	<u>56,009,875</u>	<u>342,673</u>
Other financing sources (uses)				
Transfers from other funds	19,890,882	19,890,882	21,220,277	1,329,395
Transfers to other funds	(23,663,698)	(23,663,698)	(28,938,793)	(5,275,095)
Total other financing sources (uses)	<u>(3,772,816)</u>	<u>(3,772,816)</u>	<u>(7,718,516)</u>	<u>(3,945,700)</u>
Ending Budgetary Fund Balance	<u>\$ 1,323,616</u>	<u>\$ 1,323,616</u>	<u>\$ 15,589,029</u>	<u>\$ 14,265,413</u>

	FEDERAL GRANT			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 364,598	\$ 364,598
Resources (Inflows):				
Intergovernmental	300,000	300,000	9,352,110	9,052,110
Total Resources (Inflows)	<u>300,000</u>	<u>300,000</u>	<u>9,352,110</u>	<u>9,052,110</u>
Amounts available for appropriation	<u>300,000</u>	<u>300,000</u>	<u>9,716,708</u>	<u>9,416,708</u>
Charges to Appropriations (Outflows):				
General Government	520,000	520,000	289,152	230,848
Total Charges to Appropriations	<u>520,000</u>	<u>520,000</u>	<u>289,152</u>	<u>230,848</u>
Other financing sources (uses)				
Transfers from other funds	-	-	40,900	40,900
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,900</u>	<u>40,900</u>
Ending Budgetary Fund Balance	<u>\$ (220,000)</u>	<u>\$ (220,000)</u>	<u>\$ 9,468,456</u>	<u>\$ 9,688,456</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

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 \$2,150,134 and transfers out exceeded appropriations by \$5,275,095.

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

	Fund Balance June 30, 2020	Net Change in Fund Balance	Fund Balance June 30, 2021
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 22,321,075	\$ 5,119,506	\$ 27,440,581
Increases (Decreases):			
Revenues:			
Taxes receivable	(10,413,953)	4,052,778	(6,361,175)
Accounts receivable	(171,691)	(187,586)	(359,277)
Accrued interest	(8,674)	5,993	(2,681)
Expenditures:			
Accrued payroll	1,813,389	104,367	1,917,756
Encumbrances	(209,661)	(759,560)	(969,221)
Other items	(259,345)	1,058,615	799,270
Accounts of the General Fund:			
Hunting and Fishing	(14,018)	(48,518)	(62,536)
Reserve Account	(2,891,967)	(48,738)	(2,940,705)
Insurance Proceeds Account	(197,116)	(61,865)	(258,981)
Adult Softball Account	(56,832)	21,146	(35,686)
Court Credit Card Maint. Account	(3,566,198)	1,260,892	(2,305,306)
License and Permits Account	(75,847)	-	(75,847)
Municipal Court Account	(138,239)	10,997	(127,242)
Animal License Account	(437,739)	(46,571)	(484,310)
Elmer Thomas Park Account	(7,796)	-	(7,796)
Stormwater Mitigation	(324,419)	38,644	(285,775)
RSVP Account	(4)	(1)	(5)
Application Fee Account	(82,018)	(4,550)	(86,568)
Fringe Benefit Account	(90,324)	1,341	(88,983)
Special Jail Account	(52,298)	(31,320)	(83,618)
Real Property Account	(2,275)	-	(2,275)
Recycling Account	(30,591)	-	(30,591)
Fund Balance - Budgetary Basis	\$ 5,103,459	\$ 10,485,570	\$ 15,589,029

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

	Fund Balance June 30, 2020	Net Change in Fund Balance	Fund Balance June 30, 2021
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 371,765	\$ 44,924	\$ 416,689
Increases (Decreases):			
Revenues:			
Due from other governments	(7,167)	(42,477)	(49,644)
Expenditures:			
Unavailable revenue	-	9,101,411	9,101,411
Fund Balance - Budgetary Basis	\$ 364,598	\$ 9,103,858	\$ 9,468,456

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Schedules of Required Supplementary Information - Pensions

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

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

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

Notes to Schedule:

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

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

Notes to Schedule:

*Only seven 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	

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

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

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

Notes to Schedule:

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

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

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

Notes to Schedule:

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

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

City Retirement Plan

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

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

Notes to Schedule:

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

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

City Retirement Plan, (continued)

Schedule of Employer Contributions

	2021	2020	2019	2018
Actuarially determined contribution	\$ 3,665,355	\$ 3,665,807	\$ 3,586,534	\$ 3,590,720
Contributions in relation to the actuarially determined contribution	2,160,861	1,936,534	1,996,777	2,077,166
Contribution deficiency (excess)	<u>\$ 1,504,494</u>	<u>\$ 1,729,273</u>	<u>\$ 1,589,757</u>	<u>\$ 1,513,554</u>
Covered employee payroll	\$ 13,070,842	\$ 15,656,197	\$ 18,753,645	\$ 19,955,716
Contributions as a percentage of covered-employee payroll	16.53%	12.37%	10.65%	10.41%
	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,271,543	\$ 3,179,977	\$ 3,225,198	\$ 3,182,857
Contributions in relation to the actuarially determined contribution	2,068,439	2,021,594	2,144,569	2,239,853
Contribution deficiency (excess)	<u>\$ 1,203,104</u>	<u>\$ 1,158,383</u>	<u>\$ 1,080,629</u>	<u>\$ 943,004</u>
Covered employee payroll	\$ 20,580,295	\$ 20,593,547	\$ 21,615,172	\$ 22,095,022
Contributions as a percentage of covered-employee payroll	10.05%	9.82%	9.92%	10.14%

Notes to Schedule:

Latest Valuation Date: July 1, 2020

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method - Entry age normal
- Amortization method - Level dollar
- Remaining amortization period - 30 years 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

Schedule of Investment Returns

Last Six Fiscal Years

	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021
Annual money-weighted rate of return, net of investment expense	12.36%	1.54%	-1.88%	13.15%	9.20%	5.26%	6.85%

Ten year historical data was not available

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Other Postemployment Benefits

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

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

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
	Decreased from 3.50% 6/30/19 to 2.21% 6/30/20
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	Decreased from 5.80% 6/30/19 to 4.55% 6/30/20
	6/30/17: RP 2000 projected using scale AA 6/30/18: PUB2010 Gen or Public Safety projected

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – General Fund Accounts – June 30, 2021

	<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>License and Permits</u>	<u>Municipal Court</u>	<u>Animal License Account</u>
ASSETS										
Cash and cash equivalents	\$ 11,079,666	\$ 62,536	\$ 676,798	\$ 258,981	\$ (9,842)	\$ 35,656	\$ 2,305,306	\$ 75,847	\$ 87,223	\$ 235,355
Investments	-	-	2,260,582	-	-	-	-	-	40,000	248,652
Receivables:										
Accounts receivable	11,441	-	-	-	-	-	-	-	19	225
Accrued interest receivable	2,681	-	3,325	-	-	-	-	-	-	78
Due from other funds	5,136,967	-	-	-	62,622	-	-	-	-	-
Due from other accounts	-	-	-	-	-	-	-	-	-	-
Due from other governments	6,776,701	-	-	-	-	-	-	-	-	-
Inventory	174,443	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	1,731	-	-	-	-	-
Total assets	<u>23,181,899</u>	<u>62,536</u>	<u>2,940,705</u>	<u>258,981</u>	<u>54,511</u>	<u>35,656</u>	<u>2,305,306</u>	<u>75,847</u>	<u>127,242</u>	<u>484,310</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	2,407,459	-	-	-	54,511	(30)	-	-	-	-
Due to other funds	210,083	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,617,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,511</u>	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Nonspendable	174,443	-	-	-	-	-	-	-	-	-
Committed	-	-	2,940,705	-	-	-	-	-	-	-
Assigned	3,114,216	62,536	-	258,981	-	35,686	2,305,306	75,847	127,242	484,310
Unassigned	17,275,698	-	-	-	-	-	-	-	-	-
Total fund balances	<u>20,564,357</u>	<u>62,536</u>	<u>2,940,705</u>	<u>258,981</u>	<u>-</u>	<u>35,686</u>	<u>2,305,306</u>	<u>75,847</u>	<u>127,242</u>	<u>484,310</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,181,899</u>	<u>\$ 62,536</u>	<u>\$ 2,940,705</u>	<u>\$ 258,981</u>	<u>\$ 54,511</u>	<u>\$ 35,656</u>	<u>\$ 2,305,306</u>	<u>\$ 75,847</u>	<u>\$ 127,242</u>	<u>\$ 484,310</u>

(Continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – General Fund Accounts – June 30, 2021, (Continued)

	<u>Elmer Thomas Park Account</u>	<u>Stormwater Mitigation</u>	<u>RSVP Account</u>	<u>Application Fee</u>	<u>Fringe Benefit</u>	<u>Special Jail Account</u>	<u>Real Property Account</u>	<u>Recycling Account</u>	<u>Total General Fund</u>
ASSETS									
Cash and cash equivalents	\$ 7,796	\$ 296,266	\$ 5	\$ 86,568	\$ 104,030	\$ 83,618	\$ 2,275	\$ 30,591	\$ 15,418,675
Investments	-	-	-	-	-	-	-	-	2,549,234
Receivables:									
Accounts receivable	-	6,580	-	-	-	-	-	-	18,265
Accrued interest receivable	-	-	-	-	-	-	-	-	6,084
Due from other funds	-	-	-	-	-	-	-	-	5,199,589
Due from other accounts	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	6,776,701
Inventory	-	-	-	-	-	-	-	-	174,443
Prepaid items	-	-	-	-	-	-	-	-	1,731
Total assets	<u>7,796</u>	<u>302,846</u>	<u>5</u>	<u>86,568</u>	<u>104,030</u>	<u>83,618</u>	<u>2,275</u>	<u>30,591</u>	<u>30,144,722</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	-	17,071	-	-	-	-	-	-	2,479,011
Due to other funds	-	-	-	-	15,047	-	-	-	225,130
Total liabilities	<u>-</u>	<u>17,071</u>	<u>-</u>	<u>-</u>	<u>15,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,704,141</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	174,443
Committed	-	-	-	-	-	-	-	-	2,940,705
Assigned	7,796	285,775	5	86,568	88,983	83,618	2,275	30,591	7,049,735
Unassigned	-	-	-	-	-	-	-	-	17,275,698
Total fund balances	<u>7,796</u>	<u>285,775</u>	<u>5</u>	<u>86,568</u>	<u>88,983</u>	<u>83,618</u>	<u>2,275</u>	<u>30,591</u>	<u>27,440,581</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,796</u>	<u>\$ 302,846</u>	<u>\$ 5</u>	<u>\$ 86,568</u>	<u>\$ 104,030</u>	<u>\$ 83,618</u>	<u>\$ 2,275</u>	<u>\$ 30,591</u>	<u>\$ 30,144,722</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2021

	<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>License and Permits</u>	<u>Municipal Court</u>	<u>Animal License Account</u>
REVENUES										
Taxes	\$ 56,264,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	11,680,276	-	-	-	-	-	-	-	-	-
Charges for services	571,967	-	-	-	-	10	-	-	-	-
Fines and forfeitures	1,010,048	-	-	-	-	-	1,782,683	-	64,890	3,015
Licenses and permits	815,485	46,305	-	-	-	-	-	-	-	46,912
Investment income	75,367	-	48,738	-	-	-	412	-	97	(696)
Miscellaneous	542,256	2,185	-	107,664	-	-	-	-	-	-
Total revenues	<u>70,960,147</u>	<u>48,490</u>	<u>48,738</u>	<u>107,664</u>	<u>-</u>	<u>10</u>	<u>1,783,095</u>	<u>-</u>	<u>64,987</u>	<u>49,231</u>
EXPENDITURES										
Current:										
General government	10,450,622	-	-	45,799	-	-	10,514	-	75,934	-
Public safety	35,836,410	-	-	-	-	-	-	-	-	2,660
Public works and streets	7,852,462	-	-	-	-	-	-	-	-	-
Culture and recreation	5,813,645	(28)	-	-	-	5,249	-	-	-	-
Capital Outlay	1,110,891	-	-	-	-	15,907	524,057	-	-	-
Debt Service:										
Principal retirement	160,768	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	61,852	-	-	-	-	-	-	-	-	-
Total expenditures	<u>61,286,650</u>	<u>(28)</u>	<u>-</u>	<u>45,799</u>	<u>-</u>	<u>21,156</u>	<u>534,571</u>	<u>-</u>	<u>75,934</u>	<u>2,660</u>
Excess (deficiency) of revenues over expenditures	<u>9,673,497</u>	<u>48,518</u>	<u>48,738</u>	<u>61,865</u>	<u>-</u>	<u>(21,146)</u>	<u>1,248,524</u>	<u>-</u>	<u>(10,947)</u>	<u>46,571</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	22,542,310	-	-	-	-	-	-	-	-	-
Transfers out	(28,209,864)	-	-	-	-	-	(309,416)	-	-	-
Transfers in - interaccount	2,205,020	-	-	-	-	-	-	-	-	-
Transfers out - interaccount	-	-	-	-	-	-	(2,200,000)	-	(50)	-
Total other financing sources and uses	<u>(3,462,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,509,416)</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
Net change in fund balances	6,210,963	48,518	48,738	61,865	-	(21,146)	(1,260,892)	-	(10,997)	46,571
Fund balances - beginning, restated	14,353,394	14,018	2,891,967	197,116	-	56,832	3,566,198	75,847	138,239	437,739
Fund balances - ending	<u>\$ 20,564,357</u>	<u>\$ 62,536</u>	<u>\$ 2,940,705</u>	<u>\$ 258,981</u>	<u>\$ -</u>	<u>\$ 35,686</u>	<u>\$ 2,305,306</u>	<u>\$ 75,847</u>	<u>\$ 127,242</u>	<u>\$ 484,310</u>

(Continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2021, (Continued)

	Elmer Thomas Park Account	Stormwater Mitigation	RSVP Account	Application Fee	Fringe Benefit	Special Jail Account	Real Property Account	Recycling Account	Total General Fund
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,264,748
Intergovernmental	-	-	55,288	-	-	-	-	-	11,735,564
Charges for services	-	-	-	-	-	-	-	-	571,977
Fines and forfeitures	-	-	-	-	-	45,580	-	-	2,906,216
Licenses and permits	-	-	-	6,020	-	-	-	-	914,722
Investment income	-	-	2	-	-	-	-	-	123,920
Miscellaneous	-	331,480	-	-	207,666	-	-	-	1,191,251
Total revenues	-	331,480	55,290	6,020	207,666	45,580	-	-	73,708,398
EXPENDITURES									
Current:									
General government	-	-	-	1,470	209,007	-	-	-	10,793,346
Public safety	-	-	-	-	-	9,290	-	-	35,848,360
Public works and streets	-	370,124	-	-	-	-	-	-	8,222,586
Culture and recreation	-	-	55,289	-	-	-	-	-	5,874,155
Capital Outlay	-	-	-	-	-	-	-	-	1,650,855
Debt Service:									
Principal	-	-	-	-	-	-	-	-	160,768
Interest and fiscal charges	-	-	-	-	-	-	-	-	61,852
Total expenditures	-	370,124	55,289	1,470	209,007	9,290	-	-	62,611,922
Excess (deficiency) of revenues over expenditures	-	(38,644)	1	4,550	(1,341)	36,290	-	-	11,096,476
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	22,542,310
Transfers out	-	-	-	-	-	-	-	-	(28,519,280)
Transfers in - interaccount	-	-	-	-	-	-	-	-	2,205,020
Transfers out - interaccount	-	-	-	-	-	(4,970)	-	-	(2,205,020)
Total other financing sources and uses	-	-	-	-	-	(4,970)	-	-	(5,976,970)
Net change in fund balances	-	(38,644)	1	4,550	(1,341)	31,320	-	-	5,119,506
Fund balances - beginning, restated	7,796	324,419	4	82,018	90,324	52,298	2,275	30,591	22,321,075
Fund balances - ending	\$ 7,796	\$ 285,775	\$ 5	\$ 86,568	\$ 88,983	\$ 83,618	\$ 2,275	\$ 30,591	\$ 27,440,581

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

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

	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	\$ 11,845	\$ 178,788	\$ 621,079	\$ 9,326	\$ 252	\$ 6,278	\$ 19,085	\$ 184,194
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	80	384,812	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	61,643	2,135	-	-	-	1,480
Total assets	<u>\$ 11,845</u>	<u>\$ 178,788</u>	<u>\$ 682,802</u>	<u>\$ 396,273</u>	<u>\$ 252</u>	<u>\$ 6,278</u>	<u>\$ 19,085</u>	<u>\$ 185,674</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 30,578	\$ 14,902	\$ -	\$ -	\$ -	\$ 1,842
Due to other funds	-	-	70,457	1,935	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>101,035</u>	<u>16,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,842</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	383,470	-	-	-	-
Fund balances:								
Restricted	11,845	178,788	581,767	-	252	6,278	19,085	183,832
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(4,034)	-	-	-	-
Total fund balances	<u>11,845</u>	<u>178,788</u>	<u>581,767</u>	<u>(4,034)</u>	<u>252</u>	<u>6,278</u>	<u>19,085</u>	<u>183,832</u>
Total liabilities and fund balances	<u>\$ 11,845</u>	<u>\$ 178,788</u>	<u>\$ 682,802</u>	<u>\$ 396,273</u>	<u>\$ 252</u>	<u>\$ 6,278</u>	<u>\$ 19,085</u>	<u>\$ 185,674</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021, (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	\$ 64,057	\$ 82,870	\$ 176,702	\$ 58,274	\$ 1,191	\$ -	\$ 9,034
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts receivable	113	30,860	-	-	-	43,964	-
Accrued interest receivable	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	36,200	-	-	-	-	-
Total assets	<u>\$ 64,170</u>	<u>\$ 149,930</u>	<u>\$ 176,702</u>	<u>\$ 58,274</u>	<u>\$ 1,191</u>	<u>\$ 43,964</u>	<u>\$ 9,034</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 72,028	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	17,543	-
Total liabilities	<u>-</u>	<u>72,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,543</u>	<u>-</u>
Deferred Inflows:							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	64,170	77,902	176,702	58,274	1,191	26,421	9,034
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>64,170</u>	<u>77,902</u>	<u>176,702</u>	<u>58,274</u>	<u>1,191</u>	<u>26,421</u>	<u>9,034</u>
Total liabilities and fund balances	<u>\$ 64,170</u>	<u>\$ 149,930</u>	<u>\$ 176,702</u>	<u>\$ 58,274</u>	<u>\$ 1,191</u>	<u>\$ 43,964</u>	<u>\$ 9,034</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021, (Continued)

	SPECIAL REVENUE FUNDS							LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD	
ASSETS								
Cash and cash equivalents	\$ -	\$ 2,609	\$ 1,521	\$ 1,045,318	\$ 34,670	\$ 13,179	\$ 5,500	\$ 10,405,838
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	-	124,256	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	132,715	-	-	-	-	77,368	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 132,715</u>	<u>\$ 2,609</u>	<u>\$ 1,521</u>	<u>\$ 1,169,574</u>	<u>\$ 34,670</u>	<u>\$ 90,547</u>	<u>\$ 5,500</u>	<u>\$ 10,405,838</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 132,715	\$ -	\$ -	\$ 28,770	\$ -	\$ 72,936	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>132,715</u>	<u>-</u>	<u>-</u>	<u>28,770</u>	<u>-</u>	<u>72,936</u>	<u>-</u>	<u>-</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	-	2,609	1,521	1,140,804	34,670	-	5,500	10,405,838
Committed	-	-	-	-	-	17,611	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,609</u>	<u>1,521</u>	<u>1,140,804</u>	<u>34,670</u>	<u>17,611</u>	<u>5,500</u>	<u>10,405,838</u>
Total liabilities and fund balances	<u>\$ 132,715</u>	<u>\$ 2,609</u>	<u>\$ 1,521</u>	<u>\$ 1,169,574</u>	<u>\$ 34,670</u>	<u>\$ 90,547</u>	<u>\$ 5,500</u>	<u>\$ 10,405,838</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR 1972
ASSETS								
Cash and cash equivalents	\$ 1,454,435	\$ 29,177	\$ -	\$ 725,612	\$ 56,432	\$ 1,470,366	\$ 542,098	\$ 3,157,484
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	237,050	-	167	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	384,539	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	304,644	-	-	178,000	-	-
Total assets	<u>\$ 2,076,024</u>	<u>\$ 29,177</u>	<u>\$ 304,811</u>	<u>\$ 725,612</u>	<u>\$ 56,432</u>	<u>\$ 1,648,366</u>	<u>\$ 542,098</u>	<u>\$ 3,157,484</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 205,209	\$ -	\$ 21,145	\$ -	\$ -	\$ 8,113	\$ 962	\$ -
Due to other funds	-	-	87,424	-	-	-	-	-
Total liabilities	<u>205,209</u>	<u>-</u>	<u>108,569</u>	<u>-</u>	<u>-</u>	<u>8,113</u>	<u>962</u>	<u>-</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	1,870,815	29,177	196,242	725,612	-	1,640,253	188,230	3,157,484
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	56,432	-	352,906	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>1,870,815</u>	<u>29,177</u>	<u>196,242</u>	<u>725,612</u>	<u>56,432</u>	<u>1,640,253</u>	<u>541,136</u>	<u>3,157,484</u>
Total liabilities and fund balances	<u>\$ 2,076,024</u>	<u>\$ 29,177</u>	<u>\$ 304,811</u>	<u>\$ 725,612</u>	<u>\$ 56,432</u>	<u>\$ 1,648,366</u>	<u>\$ 542,098</u>	<u>\$ 3,157,484</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021, (Continued)

	CAPITAL PROJECT FUNDS							TOTALS
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2015 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	
ASSETS								
Cash and cash equivalents	\$ 3,009,739	\$ 1,083,999	\$ 3,796,354	\$ -	\$ 186,622	\$ 826,540	\$ 3,563,788	\$ 32,834,256
Investments	-	1,538,998	-	-	-	-	250,000	1,788,998
Receivables:								
Accounts receivable	-	97,425	-	-	-	-	-	918,727
Accrued interest receivable	-	3,223	-	-	-	-	11,075	14,298
Advance to component unit	-	299,994	-	-	-	-	-	684,533
Due from other funds	-	-	-	-	-	-	-	210,083
Due from other governments	-	497,696	-	-	-	-	-	1,081,798
Total assets	<u>\$ 3,009,739</u>	<u>\$ 3,521,335</u>	<u>\$ 3,796,354</u>	<u>\$ -</u>	<u>\$ 186,622</u>	<u>\$ 826,540</u>	<u>\$ 3,824,863</u>	<u>\$ 37,532,693</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 122,572	\$ 22,009	\$ 1,086,513	\$ 6,265	\$ -	\$ 295,402	\$ 2,121,961
Due to other funds	-	-	-	3,221,817	-	-	-	3,399,176
Total liabilities	<u>-</u>	<u>122,572</u>	<u>22,009</u>	<u>4,308,330</u>	<u>6,265</u>	<u>-</u>	<u>295,402</u>	<u>5,521,137</u>
Deferred Inflows:								
Unavailable revenue	-	-	-	-	-	-	-	383,470
Fund balances:								
Restricted	3,009,739	-	-	-	180,357	826,540	3,529,461	28,340,393
Committed	-	-	-	-	-	-	-	17,611
Assigned	-	3,398,763	3,774,345	-	-	-	-	7,582,446
Unassigned (deficit)	-	-	-	(4,308,330)	-	-	-	(4,312,364)
Total fund balances	<u>3,009,739</u>	<u>3,398,763</u>	<u>3,774,345</u>	<u>(4,308,330)</u>	<u>180,357</u>	<u>826,540</u>	<u>3,529,461</u>	<u>31,628,086</u>
Total liabilities and fund balances	<u>\$ 3,009,739</u>	<u>\$ 3,521,335</u>	<u>\$ 3,796,354</u>	<u>\$ -</u>	<u>\$ 186,622</u>	<u>\$ 826,540</u>	<u>\$ 3,824,863</u>	<u>\$ 37,532,693</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021

	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	65,251	-	1,331,366	175,102	-	-	-	4,180
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	222	-	-	-	-	-	-
Miscellaneous	15,402	-	29,972	27,946	-	-	-	44,220
Total revenues	<u>80,653</u>	<u>222</u>	<u>1,361,338</u>	<u>203,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,400</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	845	-	114,251
Public works and streets	-	-	-	-	-	-	-	-
Culture and recreation	46,423	-	-	-	-	-	-	-
Community development	-	-	1,241,749	248,648	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	46,979	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	99,000	-	-	-	-	-
Interest and fiscal charges	-	-	29,398	-	-	-	-	-
Total expenditures	<u>93,402</u>	<u>-</u>	<u>1,370,147</u>	<u>248,648</u>	<u>-</u>	<u>845</u>	<u>-</u>	<u>114,251</u>
Excess (deficiency) of revenues over expenditures	<u>(12,749)</u>	<u>222</u>	<u>(8,809)</u>	<u>(45,600)</u>	<u>-</u>	<u>(845)</u>	<u>-</u>	<u>(65,851)</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	(12,749)	222	(8,809)	(45,600)	-	(845)	-	(65,851)
Fund balances - beginning	24,594	178,566	590,576	41,566	252	7,123	19,085	249,683
Fund balances - ending	<u>\$ 11,845</u>	<u>\$ 178,788</u>	<u>\$ 581,767</u>	<u>\$ (4,034)</u>	<u>\$ 252</u>	<u>\$ 6,278</u>	<u>\$ 19,085</u>	<u>\$ 183,832</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021, (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	-	180,179	-	-	-	-	-
Charges for services	43,382	-	30,231	-	-	201,817	-
Fines and forfeitures	-	-	-	101,632	-	-	-
Investment earnings	3	-	-	-	-	-	-
Miscellaneous	-	455,224	-	-	-	-	1,001
Total revenues	<u>43,385</u>	<u>635,403</u>	<u>30,231</u>	<u>101,632</u>	<u>-</u>	<u>201,817</u>	<u>1,001</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	166,129	-
Public safety	9,658	1,169,416	-	275,227	-	-	2,993
Public works and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital Outlay	-	36,200	13,439	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>9,658</u>	<u>1,205,616</u>	<u>13,439</u>	<u>275,227</u>	<u>-</u>	<u>166,129</u>	<u>2,993</u>
Excess (deficiency) of revenues over expenditures	<u>33,727</u>	<u>(570,213)</u>	<u>16,792</u>	<u>(173,595)</u>	<u>-</u>	<u>35,688</u>	<u>(1,992)</u>
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-
Transfers in	118	200,000	-	242,364	-	-	-
Transfers out	-	-	-	(10,495)	-	-	-
Total other financing sources and uses	<u>118</u>	<u>200,000</u>	<u>-</u>	<u>231,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33,845	(370,213)	16,792	58,274	-	35,688	(1,992)
Fund balances - beginning	30,325	448,115	159,910	-	1,191	(9,267)	11,026
Fund balances - ending	<u>\$ 64,170</u>	<u>\$ 77,902</u>	<u>\$ 176,702</u>	<u>\$ 58,274</u>	<u>\$ 1,191</u>	<u>\$ 26,421</u>	<u>\$ 9,034</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021, (Continued)

SPECIAL REVENUE FUNDS								
	TIF FUND	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATION	CEMETERY REWARD	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	873,377	-	24,613	-	-
Investment earnings	-	-	-	-	-	-	-	993
Miscellaneous	-	-	-	-	221	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>873,377</u>	<u>221</u>	<u>24,613</u>	<u>-</u>	<u>993</u>
EXPENDITURES								
Current:								
General government	714,338	-	-	-	-	720,560	-	-
Public safety	-	-	-	-	2,245	-	-	-
Public works and streets	-	-	-	736,549	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	-	-	2,424	292,179	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	5,105,000
Interest and fiscal charges	-	-	-	-	-	-	-	604,588
Total expenditures	<u>714,338</u>	<u>-</u>	<u>2,424</u>	<u>1,028,728</u>	<u>2,245</u>	<u>720,560</u>	<u>-</u>	<u>5,709,588</u>
Excess (deficiency) of revenues over expenditures	<u>(714,338)</u>	<u>-</u>	<u>(2,424)</u>	<u>(155,351)</u>	<u>(2,024)</u>	<u>(695,947)</u>	<u>-</u>	<u>(5,708,595)</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-
Transfers in	714,338	-	-	-	-	614,917	-	5,569,079
Transfers out	-	-	-	-	-	-	-	(5,202,258)
Total other financing sources and uses	<u>714,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>614,917</u>	<u>-</u>	<u>366,821</u>
Net change in fund balances	-	-	(2,424)	(155,351)	(2,024)	(81,030)	-	(5,341,774)
Fund balances - beginning	-	2,609	3,945	1,296,155	36,694	98,641	5,500	15,747,612
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,609</u>	<u>\$ 1,521</u>	<u>\$ 1,140,804</u>	<u>\$ 34,670</u>	<u>\$ 17,611</u>	<u>\$ 5,500</u>	<u>\$ 10,405,838</u>
						\$ -		(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021, (Continued)

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND	PRIOR TO 1972
REVENUES								
Taxes	\$ 1,434,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,494,279
Intergovernmental	-	-	2,227,503	-	-	178,000	-	-
Charges for services	-	-	186,802	-	1	1,044,868	-	-
Fines and forfeitures	-	-	-	-	-	-	49,651	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	33	-
Total revenues	<u>1,434,294</u>	<u>-</u>	<u>2,414,305</u>	<u>-</u>	<u>1</u>	<u>1,222,868</u>	<u>49,684</u>	<u>4,494,279</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	1,395	757,250	-	-
Public safety	-	-	-	-	-	-	84,866	-
Public works and streets	-	-	-	-	-	-	-	-
Culture and recreation	822,542	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	2,299,167	-	-	-	-	-
Capital Outlay	-	-	-	-	-	178,000	7,500	-
Debt Service								
Principal	-	-	-	-	-	69,135	-	2,995,177
Interest and fiscal charges	-	-	-	-	-	5,294	-	762,958
Total expenditures	<u>822,542</u>	<u>-</u>	<u>2,299,167</u>	<u>-</u>	<u>1,395</u>	<u>1,009,679</u>	<u>92,366</u>	<u>3,758,135</u>
Excess (deficiency) of revenues over expenditures	<u>611,752</u>	<u>-</u>	<u>115,138</u>	<u>-</u>	<u>(1,394)</u>	<u>213,189</u>	<u>(42,682)</u>	<u>736,144</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	42,620	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,620</u>	<u>-</u>
Net change in fund balances	611,752	-	115,138	-	(1,394)	213,189	(62)	736,144
Fund balances - beginning	1,259,063	29,177	81,104	725,612	57,826	1,427,064	541,198	2,421,340
Fund balances - ending	<u>\$ 1,870,815</u>	<u>\$ 29,177</u>	<u>\$ 196,242</u>	<u>\$ 725,612</u>	<u>\$ 56,432</u>	<u>\$ 1,640,253</u>	<u>\$ 541,136</u>	<u>\$ 3,157,484</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2021, (Continued)

CAPITAL PROJECT FUNDS								
	2012 CIP FUND	CIP	CAPITAL OUTLAY ROLLING STOCK	2015 CAPITAL IMPROVEMENT FUND	AD VALOREM 2005	AD VALOREM 2012	2016 CIP FUND	TOTALS
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,928,573
Intergovernmental	-	370,675	-	-	-	-	-	4,532,256
Charges for services	-	154,235	-	-	-	-	-	1,661,336
Fines and forfeitures	-	-	-	-	-	-	-	1,049,273
Investment earnings	6,212	31,410	-	1,035	503	1,586	3,220	45,184
Miscellaneous	-	25,414	-	-	-	-	1,060,323	1,659,756
Total revenues	<u>6,212</u>	<u>581,734</u>	<u>-</u>	<u>1,035</u>	<u>503</u>	<u>1,586</u>	<u>1,063,543</u>	<u>14,876,378</u>
EXPENDITURES								
Current:								
General government	-	221,232	-	35,395	-	-	3,879	2,620,178
Public safety	-	-	-	-	-	-	-	1,659,501
Public works and streets	-	-	-	-	-	-	-	736,549
Culture and recreation	-	-	-	-	-	-	-	868,965
Community development	-	-	-	-	-	-	-	1,490,397
Transportation	-	-	-	-	-	-	-	2,299,167
Capital Outlay	94,028	166,654	1,194,657	4,900,994	91,197	-	3,330,655	10,354,906
Debt Service								
Principal	-	-	304,899	-	-	-	1,309,676	9,882,887
Interest and fiscal charges	-	-	30,704	-	-	-	115,164	1,548,106
Total expenditures	<u>94,028</u>	<u>387,886</u>	<u>1,530,260</u>	<u>4,936,389</u>	<u>91,197</u>	<u>-</u>	<u>4,759,374</u>	<u>31,460,656</u>
Excess (deficiency) of revenues over expenditures	<u>(87,816)</u>	<u>193,848</u>	<u>(1,530,260)</u>	<u>(4,935,354)</u>	<u>(90,694)</u>	<u>1,586</u>	<u>(3,695,831)</u>	<u>(16,584,278)</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Debt issuance premium	-	-	-	-	-	-	-	-
Transfers in	-	-	2,924,456	5,202,258	-	-	3,331,533	18,841,683
Transfers out	-	-	(382,052)	(4,020,122)	-	-	(4,135,797)	(13,750,724)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,542,404</u>	<u>1,182,136</u>	<u>-</u>	<u>-</u>	<u>(804,264)</u>	<u>5,090,959</u>
Net change in fund balances	<u>(87,816)</u>	<u>193,848</u>	<u>1,012,144</u>	<u>(3,753,218)</u>	<u>(90,694)</u>	<u>1,586</u>	<u>(4,500,095)</u>	<u>(11,493,319)</u>
Fund balances - beginning	3,097,555	3,204,915	2,762,201	(555,112)	271,051	824,954	8,029,556	43,121,405
Fund balances - ending	<u>\$ 3,009,739</u>	<u>\$ 3,398,763</u>	<u>\$ 3,774,345</u>	<u>\$ (4,308,330)</u>	<u>\$ 180,357</u>	<u>\$ 826,540</u>	<u>\$ 3,529,461</u>	<u>\$ 31,628,086</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts – June 30, 2021

	Enterprise Fund									
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 5,496,763	\$ -	\$ 11,005,875	\$ (192,605)	\$ (152,614)	\$ 132,841	\$ 26,832	\$ -	\$ 899,674	\$ 17,216,766
Cash and cash equivalents, restricted	-	1,811,015	-	1,729,215	-	158,596	-	449,268	-	4,148,094
Investments	1,245,000	-	-	-	-	498,610	-	-	-	1,743,610
Investments, restricted	-	-	-	-	-	-	-	2,746,116	-	2,746,116
Accounts receivable, net	-	-	-	6,743,749	-	-	1,008	-	118,844	6,863,601
Interest receivable	-	-	-	-	-	199	-	22,788	-	22,987
Due from other governments	425,449	-	-	-	-	-	-	-	-	425,449
Total current assets	7,167,212	1,811,015	11,005,875	8,280,359	(152,614)	790,246	27,840	3,218,172	1,018,518	33,166,623
Non-current assets:										
Cash and cash equivalents, restricted	-	-	-	2,378,613	-	-	-	-	-	2,378,613
Land and construction in progress	-	-	17,909,539	-	-	-	-	-	-	17,909,539
Other capital assets, net	1,735,921	-	168,945,760	27,905,145	494,892	-	-	-	-	199,081,718
Total non-current assets	1,735,921	-	186,855,299	30,283,758	494,892	-	-	-	-	219,369,870
Total assets	8,903,133	1,811,015	197,861,174	38,564,117	342,278	790,246	27,840	3,218,172	1,018,518	252,536,493
DEFERRED OUTFLOW OF RESOURCES										
Deferred amounts related to pension	297,131	-	910,670	-	109,318	-	-	-	-	1,317,119
Deferred amounts related to OPEB	-	-	813,578	-	-	-	-	-	-	813,578
Deferred amount on refunding	-	-	-	1,328,972	-	-	-	-	-	1,328,972
Total deferred outflow of resources	297,131	-	1,724,248	1,328,972	109,318	-	-	-	-	3,459,669
LIABILITIES										
Current liabilities:										
Accounts payable and accrued liabilities	155,917	-	1,553,792	-	-	-	-	-	-	1,709,709
Accrued interest payable	-	-	-	175,998	-	-	-	-	-	175,998
Accrued compensated absences	24,541	-	94,944	-	-	-	-	-	-	119,485
Landfill post closure liability	-	-	1,205,799	-	-	-	-	-	-	1,205,799
Contract payable - Waurika note	-	-	-	1,634,261	-	-	-	-	-	1,634,261
Worker's compensation liability	-	-	191,473	-	-	-	-	-	-	191,473
Deposits subject to refund	-	-	-	-	-	-	453,371	-	-	453,371
Total OPEB liability	-	-	107,160	-	-	-	-	-	-	107,160
Notes payable	-	-	300,065	214,521	-	-	-	-	-	514,586
Revenue bonds payable	-	-	-	2,508,781	-	-	-	-	-	2,508,781
Total current liabilities	180,458	-	3,453,233	4,533,561	-	-	453,371	-	-	8,620,623
Non-current liabilities:										
Accrued compensated absences	180,827	-	697,054	-	-	-	-	-	-	877,881
Landfill post closure liability	-	-	5,961,425	-	-	-	-	-	-	5,961,425
Contract payable - Waurika note	-	-	-	22,847,487	-	-	-	-	-	22,847,487
Worker's compensation liability	-	-	191,474	-	-	-	-	-	-	191,474
Deposits subject to refund	-	-	-	-	-	-	2,569,103	-	-	2,569,103
Total OPEB liability	-	-	2,825,631	-	-	-	-	-	-	2,825,631
Notes payable	-	-	604,183	11,213,644	-	-	-	-	-	11,817,827
Revenue bond payable, net	-	-	-	7,610,583	-	-	-	-	-	7,610,583
Net pension liability	1,918,627	-	8,964,176	-	555,029	-	-	-	-	11,437,832
Total non-current liabilities	2,099,454	-	19,243,943	41,671,714	555,029	-	2,569,103	-	-	66,139,243
Total liabilities	2,279,912	-	22,697,176	46,205,275	555,029	-	3,022,474	-	-	74,759,866
DEFERRED INFLOW OF RESOURCES										
Deferred amounts related to pensions	266,138	-	759,497	-	77,229	-	-	-	-	1,102,864
Deferred amounts related to OPEB	-	-	1,494,471	-	-	-	-	-	-	1,494,471
Total deferred inflow of resources	266,138	-	2,253,968	-	77,229	-	-	-	-	2,597,335
NET POSITION										
Net investment in capital assets	1,735,921	-	185,951,051	(10,449,443)	494,892	-	-	-	-	177,732,421
Restricted for debt service	-	1,811,015	-	1,553,217	-	-	-	-	-	3,364,232
Restricted for landfill financial assurance	-	-	-	-	-	158,586	-	-	-	158,586
Unrestricted (deficit)	4,918,293	-	(11,316,773)	2,584,040	(675,554)	631,660	27,840	195,698	1,018,518	(2,616,278)
Total net position	\$ 6,654,214	\$ 1,811,015	\$ 174,634,278	\$ (6,312,186)	\$ (180,662)	\$ 790,246	\$ 27,840	\$ 195,698	\$ 1,018,518	\$ 178,638,961

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – Lawton Water Authority (LWA) Enterprise Fund Accounts–
Year ended June 30, 2021**

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
REVENUES										
Charges for services	\$ -	\$ -	\$ -	\$ 44,540,866	\$ -	\$ -	\$ 115,664	\$ -	\$ 3,128,865	\$ 47,785,395
Other sources	-	-	-	195,567	-	-	-	-	-	195,567
Operating grants	-	-	-	-	-	-	-	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,736,433</u>	<u>-</u>	<u>-</u>	<u>115,664</u>	<u>-</u>	<u>3,128,865</u>	<u>47,980,962</u>
OPERATING EXPENSES										
Public works operations	311,555	-	15,455,828	531,624	576,966	650	98,752	-	997,396	17,972,771
Depreciation expense	451,564	-	8,612,391	386,000	83,276	-	-	-	-	9,533,231
Landfill closure expense	-	-	202,428	-	-	-	-	-	-	202,428
Total operating expenses	<u>763,119</u>	<u>-</u>	<u>24,270,647</u>	<u>917,624</u>	<u>660,242</u>	<u>650</u>	<u>98,752</u>	<u>-</u>	<u>997,396</u>	<u>27,708,430</u>
Operating income (loss)	<u>(763,119)</u>	<u>-</u>	<u>(24,270,647)</u>	<u>43,818,809</u>	<u>(660,242)</u>	<u>(650)</u>	<u>16,912</u>	<u>-</u>	<u>2,131,469</u>	<u>20,272,532</u>
NON-OPERATING REVENUES (EXPENSES)										
Investment income	1,977	-	-	544	-	(401)	-	7,014	-	9,134
Interest expense and fiscal charges	-	-	-	(555,994)	-	-	-	-	(847,192)	(1,403,186)
Gain (loss) on asset retirement	-	-	(48,939)	-	-	-	-	-	-	(48,939)
Other non-operating revenue	-	-	1,154	37,723	-	-	-	-	-	38,877
Forgiveness of debt	-	-	-	568,063	-	-	-	-	-	568,063
Capital assets purchased for governmental activities	-	-	(7,493)	-	-	-	-	-	-	(7,493)
Total non-operating revenue (expenses)	<u>1,977</u>	<u>-</u>	<u>(55,278)</u>	<u>50,336</u>	<u>-</u>	<u>(401)</u>	<u>-</u>	<u>7,014</u>	<u>(847,192)</u>	<u>(843,544)</u>
Income (loss) before contributions and transfers	<u>(761,142)</u>	<u>-</u>	<u>(24,325,925)</u>	<u>43,869,145</u>	<u>(660,242)</u>	<u>(1,051)</u>	<u>16,912</u>	<u>7,014</u>	<u>1,284,277</u>	<u>19,428,988</u>
Capital Contributions	56,000	-	327,896	-	-	-	-	-	-	383,896
Capital Contributions from governmental activities	-	-	1,840,208	-	457,711	-	-	-	-	2,297,919
Interaccount transfers in	2,504,292	996,486	45,860,385	2,562,615	118,000	-	-	-	-	52,041,778
Interaccount transfers out	(5,290,885)	(953,886)	-	(44,188,278)	-	-	-	-	(1,608,729)	(52,041,778)
Transfers in	-	-	382,052	2,586,840	300,000	-	-	-	-	3,268,892
Transfers out	-	-	(19,848,416)	(6,255,989)	-	-	-	-	-	(26,104,405)
Change in net position	<u>(3,491,735)</u>	<u>42,600</u>	<u>4,236,200</u>	<u>(1,425,667)</u>	<u>215,469</u>	<u>(1,051)</u>	<u>16,912</u>	<u>7,014</u>	<u>(324,452)</u>	<u>(724,710)</u>
Total net position - beginning, restated	<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>188,684</u>	<u>1,342,970</u>	<u>179,363,671</u>
Total net position - ending	<u>\$ 6,654,214</u>	<u>\$ 1,811,015</u>	<u>\$ 174,634,278</u>	<u>\$ (6,312,186)</u>	<u>\$ (180,662)</u>	<u>\$ 790,246</u>	<u>\$ 27,840</u>	<u>\$ 195,698</u>	<u>\$ 1,018,518</u>	<u>\$ 178,638,961</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Cash Flow Statement – Lawton Water Authority (LWA) Enterprise Fund Accounts – Year ended June 30, 2021

	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	\$ -	\$ -	\$ 1,154	\$ 45,408,370	\$ -	\$ -	\$ 114,656	\$ -	\$ 3,509,505	\$ 49,033,685
Payments to suppliers	(23,562)	-	(6,756,714)	(531,624)	(99,097)	(650)	(98,752)	-	(997,396)	(8,507,795)
Payments to employees	(153,111)	-	(7,409,607)	-	(479,119)	-	-	-	-	(8,041,837)
Receipts of customer meter deposits	-	-	-	-	-	-	-	629,862	-	629,862
Refunds of customer meter deposits	-	-	-	-	-	-	-	(523,663)	-	(523,663)
Net cash provided by (used in) operating activities	(176,673)	-	(14,165,167)	44,876,746	(578,216)	(650)	15,904	106,199	2,512,109	32,990,252
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from other funds	-	-	382,052	2,586,840	300,000	-	-	-	-	3,268,892
Transfers to other funds	-	-	(19,848,416)	(6,255,989)	-	-	-	-	-	(26,104,405)
Interaccount transfer in	2,504,292	996,486	40,569,500	2,562,615	118,000	-	-	-	-	46,750,893
Interaccount transfer out	-	(953,886)	-	(44,188,278)	-	-	-	-	(1,608,729)	(46,750,893)
Principal paid on debt	-	-	-	(232,993)	-	-	-	-	-	(232,993)
Interest and fiscal agent fees paid on debt	-	-	-	-	-	-	-	-	-	(131,440)
Net cash provided by (used in) noncapital financing activities	2,504,292	42,600	21,103,136	(45,527,805)	418,000	-	-	-	(1,740,169)	(23,199,946)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital assets purchased	(5,842,132)	-	(1,912,473)	-	-	-	-	-	-	(7,754,605)
Capital assets purchased for governmental activities	-	-	(7,493)	-	-	-	-	-	-	(7,493)
Principal paid on debt	-	-	(382,052)	(4,141,279)	-	-	-	-	-	(4,523,331)
Proceeds from debt	-	-	1,286,300	2,589,533	-	-	-	-	-	3,875,833
Interest and fiscal agent fees paid on debt	-	-	-	(528,815)	-	-	-	-	(715,752)	(1,244,567)
Net cash provided by (used in) capital and related financing activities	(5,842,132)	-	(1,015,718)	(2,080,561)	-	-	-	-	(715,752)	(6,654,163)
CASH FLOWS FROM INVESTING ACTIVITIES										
Sale (Purchase) of investments	(1,245,000)	-	-	-	-	3,645	-	(988,069)	-	(2,229,424)
Interest and dividends	1,977	-	-	544	-	243	-	6,085	-	8,829
Net cash provided by (used in) investing activities	(1,243,023)	-	-	544	-	3,888	-	(982,004)	-	(2,220,595)
Net increase (decrease) in cash and cash equivalents	(4,757,536)	42,600	5,922,251	(2,731,076)	(160,216)	3,238	15,904	(875,805)	56,188	(2,484,521)
Balances - beginning of year	10,254,299	1,788,415	5,083,624	6,646,299	7,402	288,199	10,928	1,325,073	843,486	26,227,925
Balances - end of year	\$ 5,496,763	\$ 1,811,015	\$ 11,005,875	\$ 3,915,223	\$ (152,614)	\$ 291,437	\$ 26,832	\$ 449,268	\$ 899,674	\$ 23,743,473
Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$ 5,496,763	\$ -	\$ 11,005,875	\$ (192,605)	\$ (152,614)	\$ 132,841	\$ 26,832	\$ -	\$ 899,674	\$ 17,216,766
Restricted cash and cash equivalents - current	-	1,811,015	-	1,729,215	-	158,596	-	449,268	-	4,148,094
Restricted cash and cash equivalents - noncurrent	-	-	-	2,378,613	-	-	-	-	-	2,378,613
Total cash and cash equivalents, end of year	\$ 5,496,763	\$ 1,811,015	\$ 11,005,875	\$ 3,915,223	\$ (152,614)	\$ 291,437	\$ 26,832	\$ 449,268	\$ 899,674	\$ 23,743,473
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$ (763,119)	\$ -	\$ (24,270,647)	\$ 43,818,809	\$ (660,242)	\$ (650)	\$ 16,912	\$ -	\$ 2,131,469	\$ 20,272,532
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	451,564	-	8,612,391	386,000	83,276	-	-	-	-	9,533,231
Other nonoperating revenue	-	-	1,154	37,723	-	-	-	-	-	38,877
Change in assets and liabilities:										
Receivables, net	-	-	-	634,214	-	-	(1,008)	-	380,640	1,013,846
Due from other governments	(1)	-	-	-	-	-	-	-	-	(1)
Deferred outflows related to pension	83,694	-	235,430	-	29,989	-	-	-	-	349,113
Deferred outflows related to OPEB	-	-	(609,966)	-	-	-	-	-	-	(609,966)
Accounts payable	61,058	-	944,332	-	(23,150)	-	-	-	-	982,240
Deposits subject to refund	-	-	-	-	-	-	106,199	-	-	106,199
Due to employees	(10,101)	-	24,988	-	-	-	-	-	-	14,887
Claims liability	-	-	(134,256)	-	-	-	-	-	-	(134,256)
Landfill closure liability	-	-	202,428	-	-	-	-	-	-	202,428
Total OPEB liability	-	-	174,771	-	-	-	-	-	-	174,771
Net pension liability	(55,283)	-	140,258	-	28,759	-	-	-	-	113,734
Accrued compensated absences	34,637	-	23,762	-	-	-	-	-	-	58,399
Deferred inflows related to OPEB	-	-	531,612	-	-	-	-	-	-	531,612
Deferred inflows related to pension	20,878	-	(41,424)	-	(36,848)	-	-	-	-	(57,394)
Net cash provided by (used in) operating activities	\$ (176,673)	\$ -	\$ (14,165,167)	\$ 44,876,746	\$ (578,216)	\$ (650)	\$ 15,904	\$ 106,199	\$ 2,512,109	\$ 32,990,252
Noncash activities:										
Principal forgiveness of debt	\$ -	\$ -	\$ -	\$ 568,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,063
Book value of disposed assets	-	-	(55,735)	-	-	-	-	-	-	(55,735)
Asset contributed by others	56,000	-	2,168,104	-	457,711	-	-	-	-	2,681,815
	\$ 56,000	\$ -	\$ 2,112,369	\$ 568,063	\$ 457,711	\$ -	\$ -	\$ -	\$ -	\$ 3,194,143

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Net Position – Internal Service Funds – June 30, 2021

	<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	\$ 262,129	\$ -	\$ -	\$ 262,129
Total current assets	<u>262,129</u>	<u>-</u>	<u>-</u>	<u>262,129</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	5,116,108	5,116,108
Other capital assets, net	-	-	271,654	271,654
Total non-current assets	<u>-</u>	<u>-</u>	<u>5,387,762</u>	<u>5,387,762</u>
Total assets	<u>262,129</u>	<u>-</u>	<u>5,387,762</u>	<u>5,649,891</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	503,123	-	121,420	624,543
Due to other funds	1,561,226	11,088	213,052	1,785,366
Accrued compensated absences	-	-	11,429	11,429
Total current liabilities	<u>2,064,349</u>	<u>11,088</u>	<u>345,901</u>	<u>2,421,338</u>
Non-current liabilities:				
Accrued compensated absences	-	-	84,208	84,208
Claims liability	327,107	-	-	327,107
Total non-current liabilities	<u>327,107</u>	<u>-</u>	<u>84,208</u>	<u>411,315</u>
Total liabilities	<u>2,391,456</u>	<u>11,088</u>	<u>430,109</u>	<u>2,832,653</u>
NET POSITION				
Net investment in capital assets	-	-	5,387,762	5,387,762
Unrestricted (deficit)	(2,129,327)	(11,088)	(430,109)	(2,570,524)
Total net position	<u>\$ (2,129,327)</u>	<u>\$ (11,088)</u>	<u>\$ 4,957,653</u>	<u>\$ 2,817,238</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2021

	Internal Service Funds			Total
	Group Health Insurance	Worker's Comp	Information Technology Fund	
REVENUES				
Charges for services	\$ 8,590,312	\$ -	\$ 1,542,080	\$ 10,132,392
Total operating revenues	<u>8,590,312</u>	<u>-</u>	<u>1,542,080</u>	<u>10,132,392</u>
OPERATING EXPENSES				
General government and claims	8,761,303	7,681	-	8,768,984
Computer service operations	-	-	1,722,237	1,722,237
Depreciation expense	-	-	58,915	58,915
Total operating expenses	<u>8,761,303</u>	<u>7,681</u>	<u>1,781,152</u>	<u>10,550,136</u>
Operating income (loss)	<u>(170,991)</u>	<u>(7,681)</u>	<u>(239,072)</u>	<u>(417,744)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	934	42	-	976
Other non-operating revenue	531,120	-	-	531,120
Capital assets purchased for governmental activities	-	-	(59,292)	(59,292)
Total non-operating revenues	<u>532,054</u>	<u>42</u>	<u>(59,292)</u>	<u>472,804</u>
Income (loss) before contributions and transfers	<u>361,063</u>	<u>(7,639)</u>	<u>(298,364)</u>	<u>55,060</u>
Capital Contributions from governmental activities	-	-	1,944,772	1,944,772
Transfers in	-	-	600	600
Change in net position	<u>361,063</u>	<u>(7,639)</u>	<u>1,647,008</u>	<u>2,000,432</u>
Total net position - beginning	<u>(2,490,390)</u>	<u>(3,449)</u>	<u>3,310,645</u>	<u>816,806</u>
Total net position - ending	<u>\$ (2,129,327)</u>	<u>\$ (11,088)</u>	<u>\$ 4,957,653</u>	<u>\$ 2,817,238</u>

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2021

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 9,143,258	\$ -	\$ 1,542,081	\$ 10,685,339
Payments to suppliers	481,509	(7,681)	(584,179)	(110,351)
Payments to employees	-	-	(1,101,050)	(1,101,050)
Payments from other funds	(13,774)	7,639	213,052	206,917
Claims and benefits paid	(9,510,884)	-	-	(9,510,884)
Net Cash Provided by (used in) Operating Activities	<u>100,109</u>	<u>(42)</u>	<u>69,904</u>	<u>169,971</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(14,421)	(14,421)
Capital assets purchased for other funds	-	-	(55,483)	(55,483)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(69,904)</u>	<u>(69,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	934	42	-	976
Net Cash Provided by Investing Activities	<u>934</u>	<u>42</u>	<u>-</u>	<u>976</u>
Net Increase in Cash and Cash Equivalents	101,043	-	-	101,043
Balances - beginning of the year	161,086	-	-	161,086
Balances - end of the year	\$ 262,129	\$ -	\$ -	\$ 262,129
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 262,129	\$ -	\$ -	\$ 262,129
Total cash and cash equivalents	<u>\$ 262,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,129</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (170,991)	\$ (7,681)	\$ (239,072)	\$ (417,744)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	58,915	58,915
Other miscellaneous revenue	531,120	-	-	531,120
Change in assets and liabilities:				
Receivables, net	21,826	-	-	21,826
Due from other funds	(13,774)	-	-	(13,774)
Accounts payable	484,725	-	53,549	538,274
Due to other funds	-	7,639	213,052	220,691
Accrued compensated absences	-	-	(16,540)	(16,540)
Claims liability	(752,797)	-	-	(752,797)
Net Cash Provided by (used in) Operating Activities	<u>\$ 100,109</u>	<u>\$ (42)</u>	<u>\$ 69,904</u>	<u>\$ 169,971</u>
Noncash activities:				
Assets transferred to other funds	\$ -	\$ -	\$ (3,809)	\$ (3,809)
Assets contributed by others	-	-	1,945,372	1,945,372
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,941,563</u>	<u>\$ 1,941,563</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Debt Service Coverage Schedule - Year Ended June 30, 2021

		OWRB Series 2001A, 2001B, 2003A, 2003B, 2003C, 2003D, 2004A, 2005, 2006A, 2009 & 2019 Promissory Notes
GROSS REVENUE AVAILABLE:		
Charges for services (all utility revenues)	\$	47,785,395
Other resources		195,567
Investment income		9,134
		47,990,096
OPERATING EXPENSES:		
Total Operating Expenses		18,175,199
Net Revenue Available for Debt Service	\$	29,814,897
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	\$	5,047,611
Computed Coverage		591%
Coverage Requirement		125%