MINUTES
LAWTON CITY COUNCIL SPECIAL MEETING
FRIDAY, APRIL 19, 2024 – 2:00 P.M.
LAWTON CITY HALL
212 SW 9TH STREET
LAWTON, OK 73501
COUNCIL CHAMBERS/AUDITORIUM

Mayor Booker called the meeting to order at 2:00 P.M. Notice of meeting and agenda were posted by the City Clerk's Office as required by law. Invocation was given by Pastor Bob Weger, followed by the Pledge of Allegiance.

ROLL CALL

PRESENT:	Stan Booker, Mayor Mary Ann Hankins, Ward One Kelly Harris, Ward Two Linda Chapman, Ward Three George Gill, Ward Four Allan Hampton, Ward Five Bob Weger, Ward Six Sherene L Williams, Ward Seven Randy Warren, Ward Eight
ABSENT:	None
ALSO PRESENT:	Dewayne Burk, Deputy City Manager Tim Wilson, Acting City Attorney Donalynn Blazek-Scherler, City Clerk

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BUSINESS ITEMS:

1. Receive a presentation and consider accepting the financial statements and audit report on the City of Lawton for fiscal year ended June 30, 2022, as presented by FORVIS, LLP.

Kristin Huntley, Financial Services, introduced Cynthia Burns, FORVIS, LLP, and advised that Ms. Burns will be presenting the audit. A copy of the financial statements and audit report on the City of Lawton for fiscal year ended June 30, 2022, as presented by FORVIS, LLP may be obtained from the City Clerk's Office upon request.

Burns said she is happy to present the results of the audit. She said Huntley and her team have worked very hard to make sure we had all the information we needed to complete the audit.

Burns noted that with new software implementations, bank reconciliations can be a problem, especially with cities due to the complexity. Burns said she understands they're late on the timing, but she believes they've figured out the issues and are working to get everything completed. A team is scheduled to get started based on the estimation of when next year's audit will be ready for review. This team will help get the city caught up.

Burns said the City of Lawton received an unmodified opinion on their report this year, which is the best opinion you can get. We have also completed all the work that is required for the internal control opinion, and there are no material weaknesses or significant deficiencies that we found in the City of Lawton's internal controls. The team is working hard to ensure they've segregated duties and that everything is working the way it should.

Mayor Booker asked Burns for clarification on her message. Other than the time issue of completion, he asked if everything is being done lawfully and the way it's supposed to be done.

Burns said yes – the unmodified opinion is the best that you can get, so there were no issues there. Burns said all of the entries that were reported from the system and the work that Kristin does was prepared by your outside accountant with Crawford & Associates. Burns said we did not recommend any adjustments to these financial statements once they were given to us. Burns said in our internal control testing, we did not find anything that would rise to the level of a material weakness or a significant deficiency that would need to be reported in writing.

MOVED by Hampton, SECOND by Warren, to accept the financial statements and audit report on the City of Lawton for fiscal year ended June 30, 2022, as presented by FORVIS, LLP. AYE: Hankins, Chapman, Warren, Hampton, Weger, Williams, Harris, Gill. NAY: None. MOTION CARRIED.

Mayor Booker noted that this will be posted online. He asked staff when this will be done.

Huntley said Financial Services will get this posted by the end of the day today.

2. Consider the FY 2025 City of Lawton proposed operating preliminary budget and budget book presentation and take appropriate action if necessary, to include making amendments to the preliminary budget to be incorporated in the final budget and budget book presentation that council considers.

Huntley, Financial Services, gave a presentation on the FY 2025 City of Lawton proposed operating preliminary budget and budget book. A copy of the FY 2025 City of Lawton proposed operating preliminary budget and budget book may be obtained from the City Clerk's Office upon request.

Huntley advised that some revisions have been made to the budget book that was provided on April 1st. The proposed budget revisions are as follows:

- Reduced revenue for 2019 CIP by $4,712,703
- Decreased revenue for E-911 fund / increased revenue for cellular phone system fund by $115,087

- Reduced rolling stock fund by $209,232

- Increased revenue for Lawton Water Authority fund by $2,774,167

Mayor Booker asked why revenue has increased for the Lawton Water Authority fund.

Huntley said this is for the Republic contract that was recently negotiated.

Huntley discussed the notable increases and decreases to the general fund revenue from FY 2023 to FY 2025, to include the following:

- $3,336,981 increase in city sales tax

- $2,578,443 increase in use tax

- $2,435,133 decrease in 2.125% sales tax (CIP)

- $360,427 increase in franchise tax

- $354,402 increase for License & Permits

- $429,938 decrease in leases and rentals (Schoolhouse Slough)

- $1,583,136 increase in earned interest

- $425,686 increase in insurance proceeds (related to severe storm in June '23)

Huntley discussed the proposed changes to the fund revenues for the Lawton Water Authority. She said these are the charges that appear on your water bill. Huntley said we do have a CPI built into our budget – it is 4.9%. If the budget passes with the CPI, the Lawton Water Authority revenues would change in the following manner:

- Water – 12.30% increase from FY 2023 to FY 2025

- Sewer – 8.05% increase from FY 2023 to FY 2025

- Refuse – 12.30% increase from FY 2023 to FY 2025

- Other – 24.62% increase from FY 2023 to FY 2025

- **TOTAL: 13.61%** increase from FY 2023 to FY 2025

Huntley said the revenues would total $52,270,911 if Council votes in favor of the CPI, and the revenues would total $49,397,462 if Council chooses not to incorporate the CPI, which is a difference of $2.8 million.

Harris asked if this includes the increased fees for stormwater drainage discussed at the Fee Committee meeting the other day.

Huntley said it does not – this would have to be separate.

Huntley discussed the notable increases in revenue for the Lawton Water Authority fund if the CPI were to be implemented, to include the following:

- Water Revenues – increase of $2,605,055 from FY 2023 to FY 2025
- Sewer Service Charge – increase of $922,667 from FY 2023 to FY 2025
- Garbage Disposal Fees – increase of $1,580,494 from FY 2023 to FY 2025
- Late Fees – increase of $2,601,864 from FY 2023 to FY 2025
- Earned Interest – increase of $202,869 from FY 2023 to FY 2025

Hampton asked if the landfill gate fee is included in the garbage disposal fees.

Huntley said no – those are a different line item.

Huntley discussed the proposed increases in other revenues, to include the following:

- Stormwater Management (general funds) – 71.46% increase from FY 2023 TO FY 2025
- Emergency Reserve (general funds) – 142.22% increase from FY 2023 TO FY 2025
- Special Revenue (general funds) – 32.33% decrease from FY 2023 TO FY 2025
- Enterprise Fund (enterprise funds) – 2.44% increase from FY 2023 TO FY 2025
- Water System Impact Fee (enterprise funds) – remained $0 from FY 2023 TO FY 2025
- Sewer Rehabilitation (enterprise funds) – 258% increase from FY 2023 TO FY 2025
- Landfill Financial Assurance (enterprise funds) – 113.56% increase from FY 2023 TO FY 2025
- Debt Service (enterprise funds) – remained $0 from FY 2023 TO FY 2025
- Rolling Stock (capital improvement funds) – 888.36% increase from FY 2023 TO FY 2025

- Streets & Roadways GO Bond (capital improvement funds) – 72.66% decrease from FY 2023 TO FY 2025

- Capital Improvement Projects (capital improvement funds) – 37.45% increase from FY 2023 TO FY 2025

- 2005 Ad Valorem (capital improvement funds) – 78.34% increase from FY 2023 TO FY 2025

- 2012 Ad Valorem (capital improvement funds) – 58.09% increase from FY 2023 TO FY 2025

- 2012 Capital Improvement (capital improvement funds) – 268.31% increase from FY 2023 TO FY 2025

- 2015 Capital Improvement (capital improvement funds) – remained $0 from FY 2023 TO FY 2025

- 2016 Capital Improvement (capital improvement funds) – remained $0 from FY 2023 TO FY 2025

- 2019 Capital Improvement (capital improvement funds) – 19.62% increase from FY 2023 TO FY 2025

Mayor Booker asked if he's correct in stating that we still have money sitting around from the 2005 and 2012 Ad Valorem that is drawing interest, and we still have money sitting around from the 2012 CIP that's unspent and drawing interest.

Huntley said that is correct.

Mayor Booker asked what projects haven't been done.

Huntley said she does not have that information at this time, but she will get an answer.

Huntley continued discussing the proposed increases in other revenues, to include the following:

- Drainage Maintenance (special revenue funds) – 10.00% increase from FY 2023 TO FY 2025

- CDBG Fund (special revenue funds) – 38.71% decrease from FY 2023 TO FY 2025

- Grant Fund (special revenue funds) – 35.47% decrease from FY 2023 TO FY 2025

- Lawton Parking Authority (special revenue funds) – remained $0 from FY 2023 TO FY 2025

- Mass Transit Authority (special revenue funds) – 106.77% increase from FY 2023 TO FY 2025

- McMahon Authority (special revenue funds) – remained $0 from FY 2023 TO FY 2025
- Hotel/Motel (special revenue funds) – 13.67% increase from FY 2023 TO FY 2025
- Cemetery Care (special revenue funds) – 31.80% increase from FY 2023 TO FY 2025
- Narcotics Forfeiture (special revenue funds) – 7.34% decrease from FY 2023 TO FY 2025
- Officer Training Fund (special revenue funds) – remained $0 from FY 2023 TO FY 2025
- E911 (special revenue funds) – 18.86% decrease from FY 2023 TO FY 2025
- Cellular Phone System (special revenue funds) – 6.39% increase from FY 2023 TO FY 2025
- TIF (special revenue funds) – remained $0 from FY 2023 TO FY 2025

Mayor Booker asked for clarification on the increase in mass transit. He asked if this was due to grants.

Huntley said yes – we weren't drawing on the grant in 2023 because there was an issue. We made up for this in 2024.

Huntley continued discussing the proposed increases in other revenues, to include the following:

- Information Technology (internal service funds) – remained $0 from FY 2023 TO FY 2025
- Health Insurance (internal service funds) – 10.48% increase from FY 2023 TO FY 2025
- Worker's Compensation (internal service funds) – 167.67% increase from FY 2023 TO FY 2025
- Debt Service Prior to 1972 (other funds) – 9.12% increase from FY 2023 TO FY 2025
- LIDA (other funds) – 14.90% increase from FY 2023 TO FY 2025
- Municipal Trust Court (other funds) – 53.48% increase from FY 2023 TO FY 2025
- General Fixed Assets (other funds) – remained $0 from FY 2023 TO FY 2025
- License & Permits (other funds) – remained $0 from FY 2023 TO FY 2025
- Fringe Benefits - (other funds) – .44% decrease from FY 2023 TO FY 2025

- General Employee Retirement (other funds) – 22.19% increase from FY 2023 TO FY 2025

Huntley discussed notable increases and decreases in other revenues, to include the following:

- FEMA Revenue - (Stormwater) – $351,000 increase from FY 2023 TO FY 2025
- Misc Revenue (Special Revenue) – $715,286 decrease from FY 2023 TO FY 2025
- Federal Grant (Mass Transit) - $2,728,541 increase from FY 2023 TO FY 2025
- Ad Valorem Tax (Debt Service Prior to 1972) - $443.826 increase from FY 2023 TO FY 2025
- Lease Proceeds (Rolling Stock) - $4,391.000 increase from FY 2023 TO FY 2025
- Bond Proceeds (GO Bond) - $8,100,000 decrease from FY 2023 TO FY 2025
- 2.125% Sales Tax (2019 CIP) - $5,897,920 increase from FY 2023 TO FY 2025
- Other Grant (2019 CIP) - $429,300 decrease from FY 2023 TO FY 2025
- Investments (General Employee Retirement) - $2,122,101 increase from FY 2023 TO FY 2025

Gill asked why funding has doubled for worker's compensation.

Huntley said this is due to earned bank interest, and worker's compensation has it's own account.

Harris asked for clarification on the License & Permits fund.

Huntley said she believes this is related to landlord deposits for utility payments – it's not related to License & Permits.

Harris suggested we redefine this fund.

Huntley said yes – we can make that change with a resolution.

Huntley discussed notable increases and decreases in earned interest for various funds, to include the following:

- Emergency Reserve - $143,322 increase from FY 2023 TO FY 2025
- Sewer Rehab - $171,070 increase from FY 2023 TO FY 2025
- Landfill Assurance - $6,800 increase from FY 2023 TO FY 2025

- 2005 Ad Valorem - $9,576 increase from FY 2023 TO FY 2025
- 2012 Ad Valorem - $38,119 increase from FY 2023 TO FY 2025
- 2012 Capital Improvement - $170,468 increase from FY 2023 TO FY 2025
- Worker's Compensation - $1,566 increase from FY 2023 TO FY 2025
- LIDA - $53,605 increase from FY 2023 TO FY 2025

Huntley said that overall, revenues are up slightly. However, our fund balance continues to decline. The big driver behind this is expenses. Huntley discussed the changes to the fund balance from FY 2023 to FY 2025 as follows:

- General Funds – 29.87% decrease from FY 2023 TO FY 2025
- Enterprise Funds – 90.20% decrease from FY 2023 TO FY 2025
- Capital Improvement Funds – 10.30% increase from FY 2023 TO FY 2025
- Special Revenue Funds – 60.11% decrease from FY 2023 TO FY 2025
- Internal Services Funds – 1.65% decrease from FY 2023 TO FY 2025
- Other Funds – .73% increase from FY 2023 TO FY 2025
- **TOTAL – 33.06% decrease from FY 2023 TO FY 2025**

Mayor Booker asked Huntley if there is a list of the special revenue funds in the budget book.

Huntley said this is page one of the budget book.

Mayor Booker noted that none of this special funding specifies streets.

Huntley said there is some money that we found for streets in fund 435. This funding is being used.

Huntley asked for feedback regarding the CPI.

Mayor Booker said he would like to see us at least consider leaving the CPI off for another year. He noted that two years ago we did 15% increase all at once, and it turned out to be too much.

Harris requested additional information from staff regarding the fees that have increased.

Mayor Booker asked how we have funded stormwater in the past.

Huntley said it's always been funded with the $1.25 on the water bill, but they haven't been able to do what they should be doing with this money.

Mayor Booker said one of the biggest complaints we get in the summer is that we're not mowing the ditches enough – he would be interested in taking a look at this.

Mayor Booker and Council thanked Huntley for her presentation.

No action was taken on this item.

ADJOURNMENT

MOVED by Hampton, SECOND by Warren, to adjourn the April 5, 2024, special meeting.
AYE: Hankins, Chapman, Warren, Hampton, Weger, Williams, Harris, Gill. NAY: None.
MOTION CARRIED.

There being no further business to consider, the meeting adjourned at 2:33 PM.

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STAN BOOKER, MAYOR

ATTEST:

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DONALYNN BLAZEK-SCHERLER, CITY CLERK