

Lawton Independent School District No. 8
Comanche County, Oklahoma

Financial Statements
Year-End June 30, 2015

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Lawton Independent School District No. 8
 Comanche County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lawton Independent School District No. 8, Comanche County, Oklahoma
Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawton Independent School District No. 8, Comanche County, Oklahoma as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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 the financial reporting provisions of Oklahoma State Department of Education described in Note 1; 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Lawton Independent School District No. 8, Comanche County, Oklahoma on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2015, and the respective changes in regulatory basis financial position and where applicable, cash flows thereof for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawton Independent School District No. 8, Comanche County, Oklahoma’s basic financial statements. The management discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements, and statement of changes in activity fund subaccounts, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Oklahoma Department of Education requires management discussion and analysis, budgetary information and the statement of statutory fidelity and honesty bonds be presented to supplement the financial statements. Such information, although not considered part of the basic financial statements, is required by the Oklahoma Department of Education, who considers it an essential part of the financial reporting. We have applied certain limited procedures to this supplemental information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquires, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, on our consideration of the Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
November 5, 2015

Lawton Independent School District No. 8
Comanche County, Oklahoma

Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015

Introduction

The discussion and analysis of Lawton Public Schools (the District) financial performance provides an overall review of district financial activities for the fiscal year ended June 30, 2015. The intent of this discussion is to convey relevant facts and commentary regarding the financial performance of the organization for the reporting period. A thorough examination of the financial statements and thoughtful reading of the related notes to those statements will aid in evaluating the financial position of the District.

The financial highlights of Fiscal Years 2014 and 2015 and a comparative analysis of financial information from those years is presented to aid the reader in a more meaningful understanding of the District's financial performance for Fiscal Year 2015.

Financial Highlights

- ❖ *Fiscal Year 2015 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2014 to illustrate changes in General Fund balance. Both years are presented on the modified accrual basis of accounting.*

	<i>Beg Balance</i>	<i>Revenue</i>	<i>Expenses</i>	<i>End Balance</i>
FY2014	\$5,109,503	\$112,255,763	\$113,334,690	\$4,030,576
FY2015	\$4,030,576	\$114,097,123	\$109,682,678	\$8,445,021

- ❖ *The District's net assets exceeded its liabilities by \$116,195,213 as of June 30, 2015. This was an increase of \$18,190,336 over the June 30, 2014 ending net assets.*
- ❖ *The 2015 school year included a new Municipal Tax Fund (2015), passed by the voters on August 26, 2014 for \$12,500,000 over a five year period of time to be used for Building Repairs/Renovations, Windows, HVAC, Roofs, Grounds Repairs/Renovations, and District Vehicles.*
- ❖ *The construction of Freedom Elementary funded by the City Sales Tax and a Department of Defense grant began during the final part 2012-2013 school year. At the end of 2014-2015, the project was approximately 88% complete.*

Lawton Independent School District No. 8
Comanche County, Oklahoma

Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015

- ❖ *Net Assessed valuation amounts and growth rates are presented below. Prospects for continued growth in local revenues appear to be good. Net Assessed valuation provides the basis for the calculation of county Ad Valorem (property) taxes that are distributed to the District each year. The benefit of this growth impacts both the general and building funds.*

<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2012	\$420,680,653.00	2.8%
2013	\$428,900,237.00	1.9%
2014	\$435,174,891.00	1.4%
2015	\$422,791,720.00	-2.9%

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the District's basic financial statements. These statements are organized so the user can understand the Lawton School District as a financial whole. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. *The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.*

The statement of net assets represents information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the District include regular and special education, transportation and administration and include the child nutrition program. The government-wide financial statements can be found on pages 15 -16 of this report.

Lawton Independent School District No. 8
Comanche County, Oklahoma

Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015

Fund Financial Statements. *A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund account to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.*

Governmental funds. *Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of spending, resources available at the end of the fiscal year. Such information may be useful in evaluating the District near-term financing requirements. Most of the District's basic services are included here, such as regular and special education, transportation, administration, and the child nutrition program. Property taxes, federal and state grants, and state aid formula finance most of these activities.*

Because of focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the general fund (11), sinking fund (41), and municipal tax fund (25), two bond funds (31, 32), building fund (21) and student activity (60), all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation which includes the co-op fund (12), municipal tax fund (26), and the gifts fund (81).

The District adopts an annual appropriated budget for its general and building funds. A budgetary comparison statement has been provided for the general fund and building fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 17-18 and a reconciliation of the government wide totals can be found on page 19.

Fiduciary Funds. *Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District maintains the endowment fund (50) (private purpose trust) as a fiduciary fund. The fiduciary fund financial statements can be found on pages 23-24 of this report.*

**Lawton Independent School District No. 8
Comanche County, Oklahoma**

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015**

Proprietary Funds. Proprietary funds are used to account for resources held for workers compensation (83) claims and sick leave (85) incentives. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 25-38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information including budgetary comparison schedules for the general and building funds. Other supplementary information can be found on pages 39-44 of this report. Other information can be found on the table of contents for additional analysis.

Government-Wide Financial Analysis

Statement of Net Position. Net assets serve over time as a useful indicator of a government's financial position. The change in net assets is important because it identifies whether the financial position of the District has improved or diminished. At the close of the FY 2015, the District's assets exceeded liabilities by \$116,195,213. This was an increase of \$18,190,336 over the close of the FY 2014.

**Lawton Independent School District No. 8
Comanche County
Comparative Statement of Net Position
FY 14 vs. FY 15**

	<u>Governmental Activities</u>			%
	FY 2014	FY 2015	Difference	Change
Assets				
Current assets	\$ 39,338,997	\$ 38,954,389	\$ (384,608)	-1%
Capital and other assets	\$ 90,355,270	\$102,277,334	\$11,922,064	13%
Total assets	<u>\$129,694,267</u>	<u>\$141,231,723</u>	<u>\$11,537,456</u>	9%
Liabilities				
Current liabilities	\$ 15,267,018	\$ 14,838,777	\$ (428,241)	-3%
Long-term liabilities	\$ 16,422,372	\$ 10,197,733	\$(6,224,639)	-38%
Total liabilities	<u>\$ 31,689,390</u>	<u>\$ 25,036,510</u>	<u>\$ 6,652,880</u>	-21%
Net Position				
Net Investment in capital assets	\$ 88,459,175	\$103,065,669	\$14,606,494	17%
Restricted	\$ 8,927,282	\$ 5,999,177	\$(2,928,105)	-33%
Unrestricted	\$ 618,420	\$ 7,130,367	\$ 6,511,947	1053%
Total Net Position	<u>\$ 98,004,877</u>	<u>\$116,195,213</u>	<u>\$18,190,336</u>	19%

**Lawton Independent School District No. 8
Comanche County, Oklahoma**

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015**

By far the largest portion of the District's net assets reflects its investment in capital assets, less any related debt that is still outstanding that was used to acquire those assets. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net 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.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unassigned net assets, \$7,130,367 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net assets.

Change in Net Position. *Net changes may be the result of many factors, including, but not limited to, state and federal funding, changes in the property tax base, investment rates of return, bond activity and current legislation affecting school funding or education mandates.*

In the Statement of Net Position and the Statement of Activities, all district activities are considered to be of the governmental type. This includes instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Lawton Independent School District No. 8
Comanche County
Comparative Change in Net Position
FY 14 vs. FY 15
Governmental Activities**

	FY 2014	FY 2015	Difference	% Change
Revenues:				
Program Revenues				
Charges for services	\$ 5,402,871	\$ 5,292,241	\$ (110,630)	-2%
Operating Grants/Contributions	\$ 19,957,977	\$ 16,864,896	\$ (3,093,081)	-18%
Capital Grants/Contributions	\$ 18,312,119	\$ 12,582,361	\$ (5,729,758)	-46%
General Revenues				
Property Taxes	\$ 20,135,847	\$ 20,319,113	\$ 183,266	1%
State Formula Aid	\$ 61,843,633	\$ 2,410,065	\$ 566,432	1%
Federal Formula Aid	\$ 5,399,776	\$ 6,026,396	\$ 626,620	10%
General Taxes	\$ 17,171,944	\$ 16,342,926	\$ (829,018)	-5%
Other	\$ 221,462	\$ 126,898	\$ (94,564)	-75%
Total Revenue	<u>\$148,445,629</u>	<u>\$139,964,896</u>	<u>\$ (8,480,733)</u>	-6%
Expenditures:				
Instruction	\$ 60,088,149	\$ 59,605,749	\$ (482,400)	-1%
Support Services	\$ 45,425,380	\$ 45,656,488	\$ 231,108	1%
Non-instruction services	\$ 9,625,127	\$ 2,190,953	\$ 2,565,826	21%

Lawton Independent School District No. 8
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Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015

Other	\$ 4,356,722	\$ 4,321,368	\$ (35,354)	-1%
Total Expenditures	<u>\$119,495,378</u>	<u>\$121,774,558</u>	<u>\$ 2,279,180</u>	2%
Change in Net Position	<u>\$ 28,950,251</u>	<u>\$ 18,190,338</u>	<u>\$(10,759,913)</u>	-59%
Ending Net Position	<u>\$ 98,004,875</u>	<u>\$116,195,213</u>	<u>\$ 18,190,338</u>	16%

Fluctuations occurred in specific government activity categories from year to year; a decrease is seen in the instructional area due to our drop in staff as a result of our declining enrollment. The increase in non-instructional services are related to the bond and city sales tax projects.

It should be noted that the District's net position increased by \$18 million over the FY 2014 school year.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with budgetary and finance-related legal requirements.

Governmental funds. *The general fund is the chief operating fund of the District. At June 30, 2015, the general fund cash fund balance was \$8,445,021 with \$5,723,152 unassigned, \$293,084 non-spendable, and \$2,428,785 assigned.*

The costs of the District's main activities: instruction, support services, non-instruction services, capital outlay, and debt service are shown in comparison from FY14 to FY15.

Lawton Independent School District No. 8
Comanche County
Comparison of Total Costs
FY 14 vs. FY 15

	FY 2014	FY 2015	Change	% Change
Instruction	\$60,684,908	\$61,295,707	\$610,799	1.00%
Support services	\$50,167,525	\$48,244,786	(\$1,922,739)	-3.99%
Non-instructional services	\$8,669,034	\$8,487,184	(\$181,850)	-2.14%
Capital outlay	\$20,956,707	\$16,241,155	(\$4,715,552)	-29.03%
Debit Service	\$7,884,600	\$7,346,472	(\$538,128)	-7.32%
Other outlays	\$211,046	\$20,557	(\$190,489)	-926.64%
Total cost of services	<u>\$148,573,820</u>	<u>\$141,635,861</u>	<u>(\$6,937,959)</u>	<u>-4.90%</u>

There was a modest increase in Instruction by \$610,799 but an overall decrease of \$6,937,959 due to the shrinking size of the district. However, the largest area of decrease was due to the construction at Freedom Elementary moving into its final stages with 91% of the building completed.

**Lawton Independent School District No. 8
Comanche County, Oklahoma**

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015**

Capital Assets and Debit Administration

Capital Assets. The greatest increase in the District's capital assets comes in the areas of Construction in Progress due the construction of Freedom Elementary for the second year.

The capital assets (less land and construction in progress) increased by \$2,703,208 before depreciation and \$888,599 net, after depreciation. The overall capital assets increased by \$11,933,249 (including land and construction in progress) as a result of the construction at Freedom Elementary, the purchase vehicles and the purchase furniture and equipment.

**Lawton Independent School District No. 8
Comanche County
Comparison of Capital Assets, Net of Depreciation
FY 14 vs. FY 15**

	FY 2014	FY 2015	Increase/ Decrease	% Change
Capital Assets (not depreciated)				
Land	\$3,034,868.94	2,986,616.94	(\$48,252.00)	-2%
Construction in Progress	\$23,658,420.97	\$34,751,322.96	\$11,092,901.99	32%
Total Capital Assets (not depreciated)	\$26,693,289.91	\$37,737,939.90	\$11,044,649.99	29%
Capital Assets (depreciated)				
Buildings	\$77,367,072.65	\$76,929,650.00	(\$437,422.65)	-1%
Improvements	\$23,737,472.21	\$23,655,127.13	(\$82,345.08)	0%
Furniture and Equipment	\$4,358,616.84	\$5,232,738.72	\$874,121.88	17%
Musical Instruments	\$1,501,562.70	\$1,591,433.70	\$89,871.00	6%
Computers	\$9,764,566.67	\$10,431,408.81	\$666,842.14	6%
Vehicles	\$9,432,796.74	\$11,024,937.74	\$1,592,141.00	14%
Total Capital Assets (depreciated)	\$126,162,087.81	\$128,865,296.10	\$2,703,208.29	2%
Accumulated Depreciation				
Buildings	(\$37,836,059.14)	-38,555,661.74	(\$719,602.60)	2%
Improvements	(\$5,836,808.39)	(\$6,943,259.01)	(\$1,106,450.62)	16%
Furniture and Equipment	(\$3,137,405.06)	(\$3,366,948.48)	(\$229,543.42)	7%
Musical Instruments	(\$1,488,024.66)	(\$1,498,301.70)	(\$10,277.04)	1%
Computers	(\$7,591,671.84)	(\$7,245,042.86)	\$346,628.98	-5%
Vehicles	(\$6,621,324.02)	(\$6,716,688.21)	(\$95,364.19)	1%
Total Accumulated	(\$62,511,293.11)	(\$64,325,902.00)	(\$1,814,608.89)	3%

**Lawton Independent School District No. 8
Comanche County, Oklahoma**

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015**

Depreciation

Total Net Capital Assets (depreciated)	\$63,650,794.70	\$64,539,394.10	\$888,599.40	1%
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Net Government Activity				
- Capital Assets	\$90,344,084.61	\$102,277,334.00	\$11,933,249.39	12%

Additional information concerning the District's Capital Assets is contained in the notes to the financial statements on pages 37.

Debt. *At the close of FY 2015 the Districts Bonds Payable decreased by net \$1,075,000. The accrued compensated absences decreased by only \$61,868.*

The Lease Revenue Note Payable of \$20,000,000 in conjunction with the City Sales Tax passed for the renovation and construction of various school sites was paid off along with the Lease Note Payable for the TAC Energy improvements.

The district added the Lease Purchase Agreement for \$1,011,250 for the purchase of district computers.

**Lawton Independent School District No. 8
Comanche County
Comparison of Long-Term Liabilities
FY 14 vs. FY 15**

	<i>FY 2014</i>	<i>FY 2015</i>	<i>Increase/ Decrease</i>	<i>% Change</i>
Bonds Payable	\$8,960,000	\$7,885,000	-\$1,075,000	-14%
Accrued compensated absences	\$1,628,906	\$1,567,038	-\$61,868	-4%
Lease Note Payable	\$4,170,000	\$0	-\$4,170,000	
Lease Escrow/TAC Energy	\$1,663,466	\$0	-\$1,663,466	
Lease Escrow/Computer Lease	\$0	\$1,011,250	\$1,011,250	100%
Total long-term liabilities	\$16,422,373	\$10,463,288	-\$5,959,084	-57%

Additional information concerning the District's long-term liabilities is contained in the notes to the financial statements on pages 34-35.

**Lawton Independent School District No. 8
Comanche County, Oklahoma**

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2015**

General Fund Budgetary Highlights

During the 2014-2015 year, the district estimated \$117,608,934 general fund revenue to be collected. The total actual collected was \$118,127,698; an increase of \$518,764.

The FY'15 budget projected salaries at \$74,877,869 and \$23,295,020 for benefits; totaling \$98,172,890. The district closed the year with salaries and benefits totaling \$99,302,869; with \$74,202,158 in salaries and \$22,437,087 in benefits.

The FY'15 budget also projected expenditures of \$114,471,781.05 leaving the reserve at \$3,137,153. The actual general fund expenditures came to \$109,682,678 leaving a revenue shortfall fund balance of \$8,445,021. The increase in fund balance was a result of additional impact aid and state funds along with the decrease in payroll expenditures.

Current & Future Issues

The FY'16 projected budget forecasts revenue to be greater than the FY'15 actual revenue largely due to the increase in the district's revenue shortfall fund balance. The projected FY'16 ad valorem revenue estimate have been decreased by \$242,500 due to a tax protest.

The general fund projected revenue of \$124,070,560 is an overall increase of \$5,942,861 from the FY'15 actual revenue collected. Salaries are projected at \$75,171,930 and benefits \$23,539,228; totaling \$98,711,158.

The FY'16 Building Levy portion of this budget will again appear be large due to the DOD/Freedom Elementary school construction. The FY'16 ad valorem revenue estimate will remain the same as the projected FY'15 ad valorem revenue which should allow for the decrease due to the tax protest.

The FY'16 Bond Fund (2004) budget of \$2,814,100 will be used to complete the projects based upon the upcoming strategic planning for facilities.

Contacting the District's Chief Financial Officer

This financial report is intended to provide our citizens, taxpayers, investors and creditors with a general overview of District's finances and to confirm our commitment to accountability for the monies entrusted to our stewardship. If you have questions about this report or need additional financial information, inquiries should be directed to Mrs. Diane Branstetter, Lawton Public Schools, 753 NW Ft. Sill Blvd., Lawton, Oklahoma 73507.

BASIC FINANCIAL STATEMENTS

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2015

	Governmental Activities
ASSETS	
Cash	\$ 6,726,748
Investments	31,679,374
Prepaid Judgment	2,799
Inventories	545,468
Capital Assets:	
Nondepreciated Capital Assets	37,737,940
Depreciated Capital Assets, Net of Depreciation	64,539,394
Total Assets	\$ 141,231,723
 LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Outstanding	\$ 14,838,777
Long -Term Liabilities	
Due within One Year	6,310,838
Due in More than One Year	3,886,895
Total Liabilities	\$ 25,036,510
 Net Position	
Net Investment in Capital Assets	\$ 103,065,669
Restricted for	
Building Services	1,539,020
Debt Service	2,471,409
Other	10,448
Scholarships	341
School Organizations	1,977,959
Unrestricted	7,130,367
Total Net Position	\$ 116,195,213

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 59,605,749	\$ 575,158	\$ 10,756,316	\$ 12,582,361	\$ (35,691,914)
Support Services	45,656,488	2,516,027	115,021	-	(43,025,440)
Operation of Noninstructional Services	12,190,953	2,201,056	5,993,559	-	(3,996,338)
Interest on long-term debt	176,472	-	-	-	(176,472)
Depreciation - unallocated	4,144,896	-	-	-	(4,144,896)
Total Governmental Activities	\$ 121,774,558	\$ 5,292,241	\$ 16,864,896	\$ 12,582,361	\$ (87,035,060)
General Revenues					
Taxes					
Property taxes, levied for general purposes					15,440,018
Property taxes, levied for building purposes					2,207,572
Property taxes, levied for sinking fund purposes					2,671,523
General Taxes					16,342,926
State aid - formula grants					62,410,065
Federal aid - formula grants					6,026,396
Investment Earnings					126,898
Total General Revenues					\$ 105,225,398
Change in Net Position					\$ 18,190,338
Net Position - Beginning					98,004,875
Net Position - Ending					\$ 116,195,213

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2015

	General Fund	Building Fund	Municipal Tax Fund 25	2004 Bond Fund	2014 Bond Fund	Sinking Fund	Activity Fund	Other Governmental Funds	Total
Assets									
Cash and Cash Investments	\$ 1,897,664	\$ 1,670,860	\$ -	\$ 49,100	\$ 901,224	\$ 465,178	\$ 184,492	\$ 925,774	\$ 6,094,292
Pooled Cash and Investments	20,818,162	-	1,871,156	2,765,000	3,000,000	2,003,432	1,842,780	-	32,300,530
Prepaid Judgments	-	-	-	-	-	2,799	-	-	2,799
Due from Other Funds	-	-	-	-	-	-	-	-	-
Inventories - Supplies, materials	293,084	-	-	-	-	-	-	-	293,084
Total Assets	\$ 23,008,910	\$ 1,670,860	\$ 1,871,156	\$ 2,814,100	\$ 3,901,224	\$ 2,471,409	\$ 2,027,272	\$ 925,774	\$ 38,690,705
Liabilities									
Warrants Outstanding	\$ 14,563,889	\$ 131,840	\$ 782	\$ -	\$ -	\$ -	\$ 49,313	\$ 92,100	\$ 14,837,924
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 14,563,889	\$ 131,840	\$ 782	\$ -	\$ -	\$ -	\$ 49,313	\$ 92,100	\$ 14,837,924
Fund Balances									
Nonspendable	\$ 293,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,084
Restricted	-	1,539,020	1,865,575	2,814,100	3,901,224	2,471,409	-	833,674	13,425,002
Committed	-	-	-	-	-	-	1,977,958	-	1,977,958
Assigned	2,428,785	-	4,799	-	-	-	-	-	2,433,584
Unassigned	5,723,152	-	-	-	-	-	-	-	5,723,152
Total Fund Balances	\$ 8,445,021	\$ 1,539,020	\$ 1,870,374	\$ 2,814,100	\$ 3,901,224	\$ 2,471,409	\$ 1,977,958	\$ 833,674	\$ 23,852,780
Total Liabilities and Fund Balances	\$ 23,008,910	\$ 1,670,860	\$ 1,871,156	\$ 2,814,100	\$ 3,901,224	\$ 2,471,409	\$ 2,027,271	\$ 925,774	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The costs of assets is \$166,603,236 and the accumulated depreciation is \$64,325,902.	102,277,334
Federal commodities are distributed to the District to be used by the child nutrition program. Governmental funds are concerned about the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the governmental funds	252,383
Internal service funds are used by management to charge costs of certain activities, such as insurance to individual funds of the District. These assets and liabilities of the internal service funds, which are reported as proprietary funds rather than governmental funds, are included in governmental activities in the statement of net assets	10,449
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds Payable	7,885,000
Lease Purchase	745,696
Compensated Absences	1,567,037
	<u>(10,197,733)</u>
Net assets of governmental activities.	<u>\$ 116,195,213</u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2015

	General Fund	Building Fund	Municipal Tax Fund 25	2004 Bond Fund	2014 Bond Fund	Sinking Fund	Activity Fund	Other Governmental Funds	Total
REVENUE									
Property Taxes	\$ 15,440,017	\$ 2,208,782	\$ -	\$ -	\$ -	\$ 2,672,987	\$ -	\$ -	\$ 20,321,786
Interest	12,714	-	277	-	-	112,736	1,171	-	126,898
County Revenue	2,359,094	-	-	-	-	-	-	-	2,359,094
State Revenue	73,690,284	-	-	-	-	-	-	533,721	74,224,005
Federal Revenue	19,804,009	12,496,412	-	-	-	-	-	241,437	32,541,858
Other	2,245,570	-	2,294,205	-	-	1,452,294	3,093,981	846,333	9,932,383
Total Revenue	\$ 113,551,688	\$ 14,705,194	\$ 2,294,482	\$ -	\$ -	\$ 4,238,017	\$ 3,095,152	\$ 1,621,491	\$ 139,506,024
EXPENDITURES									
Current									
Instruction	\$ 59,157,793	\$ 403,016	\$ 492,169	\$ -	\$ 390,379	\$ -	\$ 472,713	\$ 379,637	\$ 61,295,707
Support Services	42,917,940	1,913,468	1,920,223	2,415	80,929	-	1,174,470	235,341	48,244,786
Non-instruction Services	7,542,807	17,191	-	-	-	-	927,186	-	8,487,184
Capital Outlay	-	12,248,396	3,133,110	336,497	523,152	-	-	-	16,241,155
Other Outlays	17,776	-	-	-	-	-	-	2,781	20,557
Debt Service									
Judgments and Related Interest	-	-	-	-	-	8,387	-	-	8,387
Interest Paid	-	-	-	-	-	168,085	-	-	168,085
Principal Retirement	-	-	-	-	-	7,170,000	-	-	7,170,000
Total Expenditures	\$ 109,636,316	\$ 14,582,071	\$ 5,545,502	\$ 338,912	\$ 994,460	\$ 7,346,472	\$ 2,574,369	\$ 617,759	\$ 141,635,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,915,372	123,123	\$ (3,251,020)	(338,912)	(994,460)	\$ (3,108,455)	\$ 520,783	\$ 1,003,732	\$ (2,129,837)
Other Financing Sources									
Transfers	472,910	-	-	-	-	-	(464,352)	-	8,558
Proceeds of Bonds	-	-	-	-	1,925,000	-	-	-	1,925,000
Sale of Capital Assets	26,163	-	-	-	-	-	-	-	26,163
Total Other Financing Sources	\$ 499,073	-	-	-	1,925,000	-	(464,352)	-	1,959,721
Net Change in Fund Balances	\$ 4,414,445	123,123	(3,251,020)	(338,912)	930,540	(3,108,455)	56,431	1,003,732	(170,116)
Fund Balances - Beginning	4,030,576	1,415,897	5,121,394	3,153,012	2,970,684	5,579,864	1,921,527	(170,058)	24,022,896
Fund Balances - Ending	\$ 8,445,021	\$ 1,539,020	\$ 1,870,374	\$ 2,814,100	\$ 3,901,224	\$ 2,471,409	\$ 1,977,958	\$ 833,674	\$ 23,852,780

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2015

*Amounts reported for governmental activities
in the statement of activities are different because:*

Net change in fund balances - total governmental funds		\$	(170,116)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>			
	Capital Outlay, net	\$ 16,320,815	
	Depreciation Expense	<u>(4,144,896)</u>	12,175,919
<p>The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net assets.</p>			
			(242,669)
<p>The net portion of fixed assets which are reclassified from fixed assets to inventory in the statement of net assets.</p>			
			218,283
<p>In the statement of activities, compensated absences are measured by the amounts earned and unused during the year. In governmental funds, expenditures is the amount of financial resources used (essentially the amounts actually paid). This year, compensated absences earned were more than the amounts used.</p>			
			61,868
<p>Proceeds of debt provide current financial resources for governmental funds but issuing debt increases long-term liabilities in the statement of net assets.</p>			
	Bonds payable		(1,925,000)
<p>Repayment of debt is an expenditure in the governmental funds, but repayment of debt reduced long-term liabilities in the statement of net assets</p>			
	Bonds payable	\$ 3,000,000	
	Lease payable	<u>6,099,021</u>	9,099,021
<p>The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the statement of net assets</p>			
			(16,963)
<p>Purchase of Fixed assets with a lease purchase agreement, recorded as lease purchase payable and fixed assets in the statement of net assets.</p>			
			(1,011,250)
<p>Internal service funds are used to charge costs of workers' compensation and unemployment to individual funds. The governmental funds included expenditures of \$50,243 and \$16 respectively. The expenses of the governmental activities however reflects the actual costs incurred, (\$40,456) and \$0 respectively. The difference represents the undercharge by the internal service funds that is allocated back to governmental activities and transfers</p>			
			<u>1,245</u>
Change in net assets position of governmental activities.			<u>\$ 18,190,338</u>

See Notes to Financial Statements

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Net Position – Proprietary Funds – Regulatory Basis
 June 30, 2015

	Internal Service Funds		
	Workers' Compensation	Cafeteria	Total Proprietary Funds
ASSETS			
Cash and Cash Investments	\$ 11,300	\$ -	\$ 11,300
Total Assets	\$ 11,300	\$ -	\$ 11,300
 LIABILITIES			
Warrants Outstanding	\$ 852	\$ -	852
 NET POSITION			
Restricted	\$ 10,448	\$ -	\$ 10,448

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Changes in Fund Net Position – Proprietary Funds – Regulatory Basis
For the Year Ended June 30, 2015

	<u>Internal Service Funds</u>		<u>Total Proprietary</u>
	<u>Workers' Compensation</u>	<u>Cafeteria</u>	
Operating Revenues			
Charges to other funds	\$ 50,244	\$ 16	\$ 50,260
Total Operating Revenues	<u>\$ 50,244</u>	<u>\$ 16</u>	<u>\$ 50,260</u>
Operating Expenses			
Other Outlays	\$ 40,457	\$ -	\$ 40,457
Total Operating Expenses	<u>\$ 40,457</u>	<u>\$ -</u>	<u>\$ 40,457</u>
Operating Loss	\$ 9,787	\$ 16	\$ 9,803
Transfers Out	<u>-</u>	<u>(8,558)</u>	<u>(8,558)</u>
Change in net position	9,787	(8,542)	1,245
Net Position- Beginning	<u>661</u>	<u>8,542</u>	<u>9,203</u>
Net Position- Ending	<u><u>\$ 10,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,448</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Cash Flows– Proprietary Funds – Regulatory Basis
For the Year Ended June 30, 2015

	<u>Internal Service Funds</u>		Total Proprietary
	<u>Workers' Compensation</u>	<u>Cafeteria</u>	
Cash Flows from Operating Activities			
Received from assessments made to other funds	\$ 50,244	\$ 16	\$ 50,260
Payments of claims	<u>(40,812)</u>	<u>(70,992)</u>	<u>(111,804)</u>
Net cash used by operating activities	<u>\$ 9,432</u>	<u>\$ (70,976)</u>	<u>\$ (61,544)</u>
Cash Flows from Noncapital Financing Activities			
Operating transfers to other funds	<u>\$ -</u>	<u>\$ (8,558)</u>	<u>\$ (8,558)</u>
Net increase (decrease) in cash	\$ 9,432	\$ (79,534)	\$ (61,544)
Cash and cash equivalents, Beginning	<u>1,868</u>	<u>79,534</u>	<u>81,402</u>
Cash and cash equivalents, Ending	<u><u>\$ 11,300</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,858</u></u>
Cash Flows from Operating Activities			
Operating loss	\$ 9,787	\$ 16	\$ 9,803
Adjustments to reconcile operating loss to			
Net cash provided (used) by operating activities			
Warrants Outstanding	<u>(355)</u>	<u>(70,992)</u>	<u>(71,347)</u>
Net cash provided (used) by operating activities	<u><u>\$ 9,432</u></u>	<u><u>\$ (70,976)</u></u>	<u><u>\$ (61,544)</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Fiduciary Net Position – Regulatory Basis
June 30, 2015

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Cash Investments	\$ 2,500
Pooled Cash and Investments	<u>51,169</u>
Total Assets	<u>\$ 53,669</u>
LIABILITIES	
Warrants Outstanding	<u>\$ 2,500</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 51,169</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Changes in Fiduciary Net Position – Regulatory Basis
 For the Year Ended June 30, 2015

	<u>Private- Purpose Trust</u>
Additions:	
Interest	\$ 16
Total Additions	<u>\$ 16</u>
Deductions	
Scholarships Awarded	<u>\$ 3,000</u>
Total Deductions	<u>\$ 3,000</u>
Change In Net Position	\$ (2,984)
Net Position- Beginning	<u>54,153</u>
Net Position- Ending	<u><u>\$ 51,169</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity - The Lawton Independent School District No. 8 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

Financial Statement Presentation – The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statement – Management Discussion and Analysis for State and Local Governments*.

GASB Statement 34 established a financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements and the use elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

Basic Financial Statements – Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District’s governmental activities are reported on cash receipts and disbursement basis modified as required by the regulations of the Oklahoma Department of Education to include property and equipment, depreciation and long-term debt and obligations. The District’s Net Position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s programs and functions reported on the cash receipts and disbursement basis modified for depreciation. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions between governmental funds and internal service funds are eliminated in the district- wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the district- wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are reported using the cash receipts and disbursement basis of accounting modified as required by the Oklahoma Department of Education to include investments, inventories on hand, encumbrances issued and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of governmental, proprietary, and fiduciary fund categories. Since resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

The District reports the following major governmental funds:

- General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.
- Sinking Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- Municipal Tax Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment as approved by voters for a special sales tax.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

- Bond Funds are used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- Activity Fund is special revenue fund the district accounts for resources and expenditures incurred by the student activity groups.

Additionally, the District reports the following fund types that are included in other governmental funds:

- Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund.
- Proprietary Funds- Internal Service Funds – Revenues and expenses related to services provided to organizations within the District on a cost reimbursement basis are accounted for in the internal service fund. The District’s Internal Service Funds are the Workers’ Compensation Fund (which is used only to fund remaining claims after self-insurance was discontinued in 2000) and the Cafeteria Incentive Payment Fund (which is used to account for funds accumulated to compensate employees, who terminate or retire, for not using all of their sick leave).
- Fiduciary Funds- Private purpose trust fund - The District accounts for resources held in a trust or custodial capacity for individuals or private organizations. These funds are primarily used for scholarships.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

As to basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements, modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Vendor obligations due and payable for goods and services received are recorded as a reduction of the encumbrance when received and a payable until paid.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used or sold.
- Capital assets in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements as well as the fiduciary fund financial statements to be presented on the accrual basis of accounting. The fund financial statement under accounting principles generally accepted in the United States of America would have been presented on the modified accrual basis of accounting.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

Inventories - Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the consumption method where materials and supplies are recorded as an expenditure when used rather than when purchased.

On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue when received at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds. Fixed assets available for sale, are buildings, land and building improvements which have been declared surplus by the District and will be sold. The inventory expense related to fixed assets available for sale will be recorded when the assets are sold.

Capital Assets - Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

• School Buildings	50 years
• Improvements	25 years
• Band Instruments	7 years
• Computers and Related Equipment	5 years
• Furniture and Equipment	10 years
• Vehicles	12 years

Compensated Absences – Sick leave is provided to all personnel who work more than 172 contract days per year. Employees on 9 or 10-month contracts earn 10 days per year. Employees on 12-month contracts earn 12 days per year. The District has a sick leave accumulation incentive program to encourage accumulation of sick leave by offering a stipend at time of termination or retirement. The stipend is based on a tier system, which pays a different rate per day for each tier, from \$5 per day to \$20 per day. The maximum amount of the stipend is \$3,000.

Personnel in a full-time position, six or more hours per day, earn vacation time based on years of service. Those with less than 4 years of service earn 1 day per month of employment up to a maximum of 10 days per year and accumulated maximum of 20 days. Those with 4 or more years of service earn 1.5 days per month of employment up to a maximum of 15 days per year and an accumulated maximum of 30 days. Upon retirement or termination, the accumulated days are reimbursed at the employee's effective rate of pay.

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. Because a majority of voters of the District approved a permanent levy in 2001 for the emergency levy and local support levy, an election to approve the levy is no longer held.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted by the Board of Education for the General Fund, Building Fund and the Debt Service Fund that includes revenues and expenditures.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds, is used.

Cash and Cash Equivalents - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

Investments - The District's investment policies are governed by state statutes. Permissible investments include:

1. Direct obligations of the United States Government and Agencies
2. Obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged
3. Certificates of deposit of savings and loan associations and bank and trust companies secured by acceptable collateral
4. Savings accounts or savings certificates of savings and loan associations that are fully insured
5. County, municipal and school district direct debt obligations
6. Money market mutual funds regulated by the Securities and Exchange Commission
7. Warrants, bonds or judgments of the school district
8. Qualified pooled investment programs

Property Tax Revenues - The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 53% of the District's revenue comes from state sources.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the programs for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transfers - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 -Net Position and Fund Balance

District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted Net Position, it uses restricted Net Position first unless unrestricted Net Position will have to be returned because they were not used. Net Position on the Statement of Net Position include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

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Restricted for Debt Service – The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation and debt covenants.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District’s buildings. This amount is restricted by enabling legislation.

Restricted for School Organizations – The component of net position that report the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for Other – The component of net position that reports the assets restricted for payment of sick leave incentive program, outstanding workers’ compensation claims, and unemployment claims for employees paid with federal salaries.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

The government-wide statement of net position reports \$8,725,883 of restricted net position.

Governmental Fund Financial Statements – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventory as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Other purposes are restricted for scholarship purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts

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cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of expenditures.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has assigned funds for education that are to be used for utilities, contract services, construction and repairs, food services, textbooks and other operating expenditures.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements.

As of June 30, 2015, fund balances are comprised of the following:

	General Fund	Building Fund	Municipal Tax Fund	2004 Bond Fund	2014 Bond Fund	Sinking Fund	Activity Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable									
Inventory	\$ 293,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,084
Restricted									
Debt Service	-	-	-	-	-	2,471,409	-	-	2,471,409
School Construction	-	-	1,865,575	2,814,100	3,901,224	-	-	-	8,580,899
Building Operation and Maintenance	-	1,539,020	-	-	-	-	-	-	1,539,020
Scholarships	-	-	-	-	-	-	-	341	341
Committed									
School Organizations	-	-	-	-	-	-	1,977,958	833,333	2,811,291
Assigned									
Supplies and equipmen	126,740	-	-	-	-	-	-	-	126,740
Construction and repair	187,711	-	-	-	-	-	-	-	187,711
Contract services	439,654	-	4,799	-	-	-	-	-	444,453
Other	92,304	-	-	-	-	-	-	-	92,304
Dues, travel, registration and cocurricular	29,215	-	-	-	-	-	-	-	29,215
Communications	1,553,161	-	-	-	-	-	-	-	1,553,161
Unassigned	5,723,152	-	-	-	-	-	-	-	5,723,152
	<u>\$ 8,445,021</u>	<u>\$ 1,539,020</u>	<u>\$ 1,870,374</u>	<u>\$ 2,814,100</u>	<u>\$ 3,901,224</u>	<u>\$ 2,471,409</u>	<u>\$ 1,977,958</u>	<u>\$ 833,674</u>	<u>\$ 23,852,780</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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Note 3 - Cash and Investments

Deposits – At June 30, 2015, the bank balance of deposits and cash pools was \$6,728,530. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires collateral for all deposits not covered by Federal Deposit Insurance Corporation insurance. At June 30, 2015, the District was not exposed to custodial credit risk.

Investments - The District participates in an external investment pool, Oklahoma Public School Liquid Asset Pool (OLAP). The plan is sponsored by the Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools and the Oklahoma Association of School Business Officials. OLAP is governed through an inter local cooperative agreement and the investment advisors and other professionals are competitively selected. OLAP reported value and fair market value are equal at June 30, 2015. To receive a copy of the Oklahoma Public School Liquid Asset Pool annual audit report, call toll free 1-866-472-6527 or visit www.OLAPonline.org. OLAP's portfolio consists of cash and short-term investments valued at amortized cost which approximates fair value. OLAP invest in obligations of the U.S Government, its agencies and instrumentalities and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and the OLAP custodian takes delivery of the collateral.

The District's other investments consist of money market mutual fund investments held in sweep accounts and short term investment fund cash held in money market mutual funds and insured accounts. Total investments at June 30, 2015 are \$31,730,543 which are shown on the statement of net position as unrestricted \$31,679,374 and on the statement of fiduciary net position at \$51,169.

Credit Risk - Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure arising from concentration of investments. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. OLAP held securities of \$31,730,543 have Standard & Poor's ratings of 2.4 percent AA+, 27.1 percent NA, and 70.50 percent NR. Securities with an NA rating are governmental securities and securities with NR rating are bank deposit accounts. U.S.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the nature of the District's investments, there are no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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Note 4 - Long-Term Liabilities

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	\$ 8,960,000	\$ 1,925,000	\$ 3,000,000	\$ 7,885,000	\$ 5,960,000
Lease note payable	4,170,000	-	4,170,000	-	-
Lease escrow/TAC energy project	1,663,467	-	1,663,467	-	-
Lease Purchase/HP Computers	-	1,011,250	265,554	745,696	240,350
Compensated absences	1,628,905	552,443	614,311	1,567,037	110,489
	<u>\$ 16,422,372</u>	<u>\$ 3,488,693</u>	<u>\$ 9,713,332</u>	<u>\$ 10,197,733</u>	<u>\$ 6,310,839</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences and early retirement incentive are generally liquidated by the general fund.

Bonds: Bonds payable June 30, 2015, is composed of the following individual general obligation bond issues:

Original Issue Amount	Purpose	Issue Date	Final Payment	Interest Rates	Maturity
3,000,000	Building	6/1/2011	3,000,000	1.125%	8/1/2014
2,860,000	Building	8/1/2012	3,000,000	0.700%	8/1/2015

The annual requirements to amortize all bond debt outstanding as of June 30, 2015 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 5,960,000	\$ 41,123	\$ 6,001,123
2017	1,925,000	12,513	1,937,513
	<u>\$ 7,885,000</u>	<u>\$ 53,636</u>	<u>\$ 7,938,636</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2015 is \$42,279,172.

Proceeds of general obligation bond issues are recorded in the bond fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

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Capital Lease: On July 17, 2014, the District entered into a lease purchase agreement for the purchase of laptop computers of \$1,017,500 with an annual interest rate of 3.44%. Annual payments are made from the bond fund. As of June 30, 2015, all equipment have been purchased and installed. The following schedule presents future minimum lease payments:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Future Minimum Lease Payments	\$ 265,554	\$ 265,554	\$ 265,554	\$ 796,662
Less Interest	(25,204)	(17,081)	(8,681)	\$ (50,966)
Present Value of Minimum Lease Payments	<u>\$ 240,350</u>	<u>\$ 248,473</u>	<u>\$ 256,873</u>	<u>\$ 745,696</u>

Note 5 - Employee Retirement System

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2015, qualifying employee contributions were reduced by a retirement credit of \$801,055 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2015, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2015, the District contributions to the System for were \$6,151,378.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$187,117.

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Pension Liability and Pension Expense

At June 30, 2015, the District's proportionate share of the net pension liability was \$85,347,902. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 1.58643165%, which was the same as its proportion measured as of June 30, 2013.

For the year ended June 30 2015, the District had pension expense of \$4,997,609.

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 3.00%
- Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 8.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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 expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, 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	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.90%
	<u>100.00%</u>	

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Discount rate –A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance 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 District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate share of the net pension liability	<u>\$ 120,733,289</u>	<u>\$ 85,347,902</u>	<u>\$ 88,300,413</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

Note 6 - Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District’s sinking fund over a three-year period pursuant to state law. See note 3 for further discussion of current year judgments.

In exchange for \$50, the District entered into a lease with the City of Lawton for use of the original Lawton High School building. The lease has a 50 year term commencing fiscal year 2010. The property will become the City of Lawton’s at the end of the lease.

The District has outstanding construction and purchase commitments of approximately \$6,980,625 to be financed from building/levy fund and \$992,325 to be financed from bond fund and \$205,000 to be financed from sales tax fund.

Lawton Independent School District No. 8
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Notes to Financial Statements
June 30, 2015

Note 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 8 - Interfund transactions

Interfund amounts result from short term cash funding in pooled cash. Transfers are used to move revenues to the fund that state statute requires them to be accounted for.

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Nature of Transfer</u>
Activity Fund	General Fund	464,352	Operating transfer
Cafeteria Fund	General Fund	8,558	Close out of Cafeteria Fund
		<u>472,910</u>	

Note 9 - Operating Lease

The District has a lease with a vendor for the use of copier machines at all District locations. January 2013, a lease was executed for 36 months. The lease is renewable at the District's option for one year increments. The total lease expense paid by the District for the year ended June 30, 2015 was approximately \$494,173. Total lease expense anticipated for fiscal year 2016 is approximately \$315,000, which is only a partial year, January 2016, the lease terms will be reviewed at that time.

Note 10 - Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 3,034,869	\$ -	\$ 48,252	\$ 2,986,617
Construction in progress	23,658,421	11,102,260	9,358	34,751,323
Total capital assets, not being depreciated	<u>\$ 26,693,290</u>	<u>\$ 11,102,260</u>	<u>\$ 57,610</u>	<u>\$ 37,737,940</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 23,737,473	\$ 187,774	\$ 270,121	\$ 23,655,126
Buildings	77,367,073	-	437,423	76,929,650
Buses and Vehicles	9,432,797	1,960,407	368,266	11,024,938
Furniture and Equipment	4,358,618	914,260	40,138	5,232,740
Musical Instruments	1,501,562	95,361	5,490	1,591,433
Computers	9,764,566	2,070,111	1,403,268	10,431,409
Total capital assets, being depreciated	<u>\$ 126,162,089</u>	<u>\$ 5,227,913</u>	<u>\$ 2,524,706</u>	<u>\$ 128,865,296</u>
Less Accumulated Depreciation	<u>62,511,295</u>	<u>4,144,896</u>	<u>2,330,289</u>	<u>64,325,902</u>
Total capital assets, being depreciated, net	<u>\$ 63,650,794</u>	<u>\$ 1,083,017</u>	<u>\$ 194,417</u>	<u>\$ 64,539,394</u>
Governmental activities capital assets, net	<u>90,344,084</u>	<u>12,185,277</u>	<u>252,027</u>	<u>102,277,334</u>
Total Primary Government	<u>\$ 90,344,084</u>	<u>\$ 12,185,277</u>	<u>\$ 252,027</u>	<u>\$ 102,277,334</u>

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Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2015

Note 11 - Inventories

Inventory consists of the following at June 30, 2015:

	Balance Sheet Governmental Funds - Regulatory Basis	Statement of Net Position - Regulatory Basis
Fuel:	16,328	16,328
Supplies:	276,754	276,754
USDA Food Commodities:	-	34,097
Fixed Assets Available for Sale:	-	218,253
Total Inventories:	\$ 293,082	\$ 545,432

Note 12 - Sales Tax Agreement

On October 28, 2014, the District signed an agreement with the City of Lawton to receive a seven-eighths of once percent (0.875%) sales tax for specified capital improvements, which include school building upgrades, renovation/remodeling and the purchase of vehicles. The District will receive up to \$12.5 million in the first five years of the collections. The District accounts for the tax revenues separately in the municipal tax fund. Per the agreement, the District is to provide a report of expenditures to the City on a calendar quarter basis.

Note 13 - Subsequent Event

August 2015, the District sold one of their properties which were fixed assets available for sale as of June 30, 2015, for \$318,691.

OTHER SUPPLEMENTARY INFORMATION

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
 June 30, 2015

	<u>Coop Fund</u>	<u>Gifts Fund</u>	<u>Municipal Tax Fund 26</u>	<u>Total</u>
Assets				
Cash and Cash Investments	\$ 81,150	\$ 11,291	\$ 833,333	\$ 925,774
Pooled Cash and Investments	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 81,150</u>	<u>\$ 11,291</u>	<u>\$ 833,333</u>	<u>\$ 925,774</u>
Liabilities				
Warrants Outstanding	\$ 81,150	\$ 10,950	-	\$ 92,100
Due to Other Funds	-	-	-	-
Total Liabilities	<u>\$ 81,150</u>	<u>\$ 10,950</u>	<u>\$ -</u>	<u>\$ 92,100</u>
Fund Balances				
Restricted	\$ -	\$ 341	\$ 833,333	\$ 833,674
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>341</u>	<u>833,333</u>	<u>833,674</u>
Total Liabilities and Fund Balances	<u>\$ 81,150</u>	<u>\$ 11,291</u>	<u>\$ 833,333</u>	<u>\$ 925,774</u>

Lawton Independent School District No. 8
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Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2015

	Coop Fund	Gifts Fund	Municipal Tax Fund 26	Total
REVENUE				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
State Revenue	533,721	-	-	533,721
Federal Revenue	241,437	-	-	241,437
Other	-	13,000	833,333	846,333
Total Revenue	<u>\$ 775,158</u>	<u>\$ 13,000</u>	<u>\$ 833,333</u>	<u>\$ 1,621,491</u>
EXPENDITURES				
Current				
Instruction	\$ 379,637	\$ -	\$ -	\$ 379,637
Support Services	221,891	13,450	-	235,341
Non-instruction Services	-	-	-	-
Capital Outlay	-	-	-	-
Other Outlays	2,781	-	-	2,781
Total Expenditures	<u>\$ 604,309</u>	<u>\$ 13,450</u>	<u>\$ -</u>	<u>\$ 617,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,849	(450)	833,333	1,003,732
Net Change in Fund Balances	170,849	(450)	833,333	1,003,732
Fund Balances, Beginning, as restated	<u>(170,849)</u>	<u>791</u>	<u>-</u>	<u>(170,058)</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ 833,333</u>	<u>\$ 833,674</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Combining Statement of Assets and Fund Balances
 – Activity Fund
 For the Year Ended June 30, 2015

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2015</u>
801	FOOTBALL EXTRAS	19,872	38,671	(36,347)	22,196
802	BOYS BASKETBALL EXTRAS	4,470	15,290	(8,880)	10,880
803	GIRLS BASKETBALL EXTRAS	1,700	7,387	(6,270)	2,817
805	BOYS BASEBALL EXTRAS	2,355	1,800	(1,012)	3,142
806	GIRLS SOFTBALL EXTRAS	8,289	11,438	(8,902)	10,825
807	WRESTLING EXTRAS	82	4,475	(4,040)	518
811	BOYS TRACK EXTRAS	918	-	-	918
812	GIRLS TRACK EXTRAS	594	-	-	594
813	BOYS GOLF EXTRAS	1,630	870	(1,609)	891
814	BOYS CROSS COUNTRY EXTRAS	86	-	-	86
815	BOYS SOCCER EXTRAS	52	-	-	52
816	GIRLS VOLLEYBALL EXTRAS	786	2,914	(870)	2,829
817	TRAINERS EXTRAS	-	1,809	(240)	1,569
819	ALL SPORTS EXTRAS	4,754	6,642	(7,183)	4,213
820	GIRLS SOCCER EXTRAS	1,045	1,819	-	2,864
821	GIRLS GOLF EXTRAS	333	-	-	333
822	GIRLS CROSS COUNTRY EXTRAS	36	-	-	36
830	DISTRICT ATHLETICS	257,423	(3,717)	(12,410)	241,296
831	DISTRICT CONCESSION	35,474	71,991	(51,367)	56,098
832	ATHLETICS (DISTRICT)	29,855	66,930	(52,783)	44,002
833	DISTRICT BASEMENT SUPPLY	-	-	896	896
836	DISTRICT SWIMMING	691	1,669	(1,714)	646
837	DRUG TESTING	3,504	1,589	(3,060)	2,033
840	ATHLETICS (SITES)	209,019	444,692	(471,340)	182,372
850	GENERAL	272,434	501,752	(462,779)	311,408
851	ACADEMIC TEAM	6,318	4,554	(3,327)	7,545
852	AGRICULTURE	24,317	93,499	(95,643)	22,173
853	AP EXAM	19,523	26,191	(34,383)	11,331
854	ART	21,010	18,463	(23,109)	16,364
855	A.H.S.C. ACTIVITIES	125	-	-	125
856	ASSISTANCE CLUB	14,200	19,785	(14,795)	19,190
857	ARTS IN EDUCATION	343	-	-	343
858	ACE	26,737	503	(1,253)	25,988
859	ADVANCE PLACEMENT	184	-	-	184
860	BAND	14,359	49,042	(49,788)	13,614
861	BUILDERS CLUB	751	2,555	(1,652)	1,653
862	BUSINESS	1,955	1,349	(3,195)	109
863	BOE REIMBURSEMENT	10,266	21,572	(28,652)	3,187
864	CAMPUS CRIME STOPPER	1,691	467	(671)	1,487
867	CHEERLEADERS	30,163	83,015	(78,103)	35,075
868	CHEMISTRY	4,962	253	(967)	4,248
869	CLOSE-UP	97	-	-	97
870	CACE/GED	57	(57)	-	-
871	6TH GRADE TEAM	7,869	9,997	(9,782)	8,084
872	7TH GRADE TEAM	9,796	5,570	(9,779)	5,588
873	8TH GRADE TEAM	5,650	14,568	(16,562)	3,656
875	CONCESSIONS	21,734	22,092	(19,026)	24,800
881	CULTURAL AWARENESS	1,384	10	(36)	1,358
883	COUNSELORS	16	-	-	16
885	DRAMA	5,177	3,248	(3,026)	5,399
886	LETTERMEN CLUB	10,314	7,497	(5,676)	12,136
887	COMPUTER CLASS	816	274	(528)	562

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2015

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2015</u>
888	AFRICAN AMER. MULT.	3,696	2,184	(2,366)	3,514
889	FFA	4,887	3,691	(4,169)	4,409
890	FCA	667	1,114	(1,106)	675
891	FCCLA	4,091	5,204	(4,029)	5,266
892	FBLA	190	187	(242)	135
894	FENCING CLUB	441	75	(364)	152
895	FRENCH CLUB	847	2,528	(2,493)	882
897	GERMAN CLUB	496	553	(358)	691
898	FFA HORTICULTURE	16,776	9,911	(14,517)	12,170
900	GAEA	1,842	-	-	1,842
901	GIFTED/TALENTED	2,320	2,514	(2,990)	1,844
902	DRILL TEAM	22,435	33,404	(33,475)	22,364
903	MENTORSHIP PROGRAM	1,010	4,397	(2,773)	2,634
904	NEWSPAPER	2,386	558	(1,074)	1,870
905	LIBRARY	75,482	202,375	(199,828)	78,029
906	KEY CLUB	4,351	18,347	(14,621)	8,077
907	MATHEMATICS	3,631	4,123	(3,233)	4,521
908	NHS	10,993	10,260	(10,969)	10,284
909	NJHS	6,254	10,054	(12,407)	3,901
910	MISC. EXPENSE	23,759	34,372	(34,171)	23,960
911	NATIVE AMERICAN CLUB	3,428	1,642	(1,404)	3,665
912	MILITARY CHILD CLUB	5,599	1,891	(2,451)	5,038
913	OPEN DOORS	294	-	-	294
914	ORCHESTRA	14,360	32,786	(32,875)	14,270
915	PHYSICS	323	2,249	(2,337)	235
916	PHYSICAL EDUCATION	-	403	(235)	168
917	ROBOTICS	166	6,474	(3,126)	3,514
918	PEP CLUB	4,026	9,824	(10,670)	3,180
919	PICTURES	58,037	50,188	(28,589)	79,636
920	JROTC	33,381	41,129	(31,903)	42,606
921	RENAISSANCE	5,868	4,960	(5,607)	5,221
922	RESOURCE CENTER	10,223	3,964	(2,881)	11,306
923	JROTC SUMMER CAMP	-	12,316	(12,316)	-
924	SCIENCE CLUB	8,118	3,170	(5,967)	5,321
926	LPS STROLLING STRING	2,385	940	(1,654)	1,671
927	SPANISH CLUB	2,664	3,370	(3,192)	2,841
928	SPEECH & DEBATE	654	841	(1,034)	461
929	SPECIAL EDUCATION	7,161	6,819	(8,681)	5,299
931	STUDENT COUNCIL	30,312	94,548	(90,144)	34,717
933	STUDENT STORE	7,642	13,748	(10,130)	11,260
934	SENIORS 2015	5,812	19,228	(17,118)	7,922
935	SENIORS 2016	1,834	3,571	(1,791)	3,614
936	SENIORS 2017	905	3,095	(1,629)	2,371
937	SENIORS 2018	-	137	-	137

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2015

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2015</u>
938	SENIORS 2014	5,655	(5,655)	-	-
939	AUTISM	2,269	4,633	(4,778)	2,125
940	SUMMER SCHOOL	1,155	-	(330)	825
942	DISTRICT TESTING	-	3,835	(3,835)	-
943	TECHNOLOGY	4,408	4,032	(3,827)	4,614
944	TECHNOLOGY STUDENT ASSOC	133	-	-	133
945	TEXTBOOKS	150	3,702	(3,798)	54
946	VOCAL MUSIC	18,682	99,263	(99,867)	18,078
947	TECH-NOW	-	2,158	(136)	2,022
950	STUDENT SERVICES	260	-	-	260
951	YEARBOOK	88,323	135,174	(154,747)	68,751
952	PARENT INVOLVEMENT	173	-	-	173
953	ACCELERATED READING	95	-	-	95
954	WEIGHTROOM LIFTATHON	2,749	15,046	(16,005)	1,790
955	PLAYGROUND	2,807	(2,793)	(14)	-
956	NATIONAL ELEM HONOR SOCIETY	81	(70)	(11)	-
957	MIDDLE LEAP	593	378	(239)	732
959	CHESS CLUB	970	-	-	970
960	COMMISSION	154,423	59,410	(93,218)	120,615
961	FRIENDS IN NEED	3,847	3,053	(979)	5,920
962	LPS CHRISTMAS CHEER	2,491	1,540	(1,615)	2,416
963	SCRAPBOOKING	670	260	(15)	915
967	GEOGRAPHY CLUB	1,718	-	-	1,718
969	LAWTON JROTC DRILL MEET	1,200	320	(329)	1,191
970	X-TENDED TIME	22,093	56,456	(48,197)	30,353
971	X-TENDED TIME BOARD	-	309,895	(309,895)	-
972	ASIA CLUB	156	(156)	-	-
973	TEEN COUNCIL	82	-	-	82
974	ARCHERY	6,113	6,386	(5,678)	6,820
975	HOLDING ACCOUNT	3,983	2,666	(4,475)	2,174
976	OKLAHOMA DECATHLON	3,326	770	(1,091)	3,005
977	SPEECH PATHALOGY	594	-	-	594
978	MEDIA CLUB	1,519	786	(882)	1,423
981	HOMELESS EDUCATION	-	984	(308)	676
982	JOHNSON O'MALLEY	-	28,740	(870)	27,870
983	YOUTH IN GOVERNMENT	848	4,538	(3,532)	1,854
984	DESIGNATED CONTRIBUTIONS	84,843	49,387	(45,432)	88,799
985	STAGE PRODUCTION	154	118	(75)	197
986	FACULTY IN-SERVICE	3	-	-	3
987	TITLE I SUMMER KINDERGARTEN A	277	-	-	277
988	VISION IMPAIRED	927	-	(159)	768
989	AP ECONOMICS	2,443	440	(173)	2,710
990	SPECIAL OLYMPICS	8,957	16,587	(15,955)	9,589
991	MEDIA PRODUCTIONS	1,105	14	-	1,118
993	LEADERSHIP	622	-	-	622
994	LPS FOUNDATION GRANTS	1,632	81,438	(80,063)	3,008
995	FACULTY FUND	3,259	7,239	(7,691)	2,808
996	PARENT UNIVERSITY	437	(437)	-	-
998	LAWTON COMMUNITY SERVICES	27	-	-	27
999	LPS LANDSCAPING	314	-	(314)	-
		<u>1,921,527</u>	<u>3,115,742</u>	<u>(3,059,311)</u>	<u>1,977,958</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2014	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2015
U.S. Dept. of Education						
Direct Program						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (53,282)	\$ 211,658	\$ 215,918	\$ (57,542)
Impact Aid	84.041	591/592	\$ -	\$ 6,026,396	\$ 6,026,396	\$ -
Passed Through the Bureau of Indian Education						
Johnson-O'Malley Program	15.130	AF	\$ -	\$ 28,917	\$ 870	\$ 28,047
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (47,708)	\$ 102,350	\$ 97,432	\$ (42,790)
Vocational Education - Basic Grant to States - Supplement	84.048	424	-	-	-	-
			\$ (47,708)	\$ 102,350	\$ 97,432	\$ (42,790)
Passed Through State Department of Education:						
Title I, Grants to Local Educational Agencies	84.010	511/512/515	\$ (545,530)	\$ 2,937,484	\$ 3,093,337	\$ (701,383)
Title I, Grants to Local Educational Agencies	84.010	786	(25,803)	194,240	209,060	(40,623)
Title I - Federal Academic Achievement Awards	84.010	517	-	-	-	-
Title I Cluster			\$ (571,333)	\$ 3,131,724	\$ 3,302,397	\$ (742,006)
		613/615/621				
Special Education - Grants to States	84.027	/625	\$ (614,915)	\$ 2,827,440	\$ 3,039,983	\$ (827,458)
Special Education - Preschool Grants	84.173	641/642	(14,472)	66,246	70,874	(19,100)
Special Education Cluster			\$ (629,387)	\$ 2,893,686	\$ 3,110,857	\$ (846,558)
Title II - Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (159,120)	\$ 523,384	\$ 474,064	\$ (109,800)
Title II - Technical Assistance Allocation	84.367	543	(1,513)	17,806	19,277	(2,984)
			\$ (160,633)	\$ 541,190	\$ 493,341	\$ (112,784)
Title II - Part B Math and Science	84.336	542/544	(170,849)	241,437	205,510	(134,922)
Title III, Part A - Limited English Proficiency	84.365	571, 572	(20,845)	62,496	61,179	(19,528)
Title X - Part C McKinney Homeless	84.196	596	(6,365)	42,279	46,107	(10,193)
Adult Education and Literacy	84.002	731	(56,604)	56,604	-	-
			\$ (254,663)	\$ 402,816	\$ 312,796	\$ (164,643)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2014	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2015
<i>Passed Through State Department of Career and Vocational Education:</i>						
Job Training Department of Rehabilitation Services	84.126	456	10,411	95,386	92,232	13,565
Total U.S. Department of Education			<u>\$ (1,706,595)</u>	<u>\$ 13,434,123</u>	<u>\$ 13,652,239</u>	<u>\$ (1,924,711)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through Oklahoma State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 3,702,054	\$ 3,702,054	\$ -
School Breakfast Program	10.553	764	-	1,639,952	1,639,952	-
Summer Food Service Program	10.559	766	(10,409)	140,233	115,584	14,240
Lunch Program - Commodities	10.555		49,295	394,514	410,963	32,846
Summer Food Service Program -Commodities	10.559		1,765	12,317	12,831	1,251
Child Nutrition Cluster			<u>\$ 40,651</u>	<u>\$ 5,889,070</u>	<u>\$ 5,881,384</u>	<u>\$ 48,337</u>
Total U.S. Department of Agriculture			<u>\$ 40,651</u>	<u>\$ 5,889,070</u>	<u>\$ 5,881,384</u>	<u>\$ 48,337</u>
<i>U.S. Department of Health and Human Services</i>						
<i>Passed Through Oklahoma Health Care Authority</i>						
Medical Assistance Program	93.778	698	\$ -	\$ 68,626	\$ 68,626	\$ -
Total U.S. Dept. of Transportation			<u>\$ -</u>	<u>\$ 68,626</u>	<u>\$ 68,626</u>	<u>\$ -</u>
<i>U.S. Department of Defense</i>						
<i>Direct Program</i>						
Community Economic Adjustment	12.600	772	\$ -	\$ 12,496,412	\$ 12,582,361	\$ (85,949)
Invitational Grants for Military-Connected Schools-Special Education	12.557	778	\$ -	\$ -	\$ 171,675	\$ (171,675)
STEM for K-12 & Institutions of Higher Learning--Science Grant	12.330	776	\$ (167,649)	\$ 819,896	\$ 809,102	\$ (156,855)
Total U.S. Dept. of Defense			<u>\$ (167,649)</u>	<u>\$ 13,316,308</u>	<u>\$ 13,563,138</u>	<u>\$ (414,479)</u>
Total Expenditures of Federal Awards			<u>\$ (1,833,593)</u>	<u>\$ 32,708,127</u>	<u>\$ 33,165,387</u>	<u>\$ (2,290,853)</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Basis of Presentation: The schedule of expenditures of federal awards includes the federal grant activity of Lawton School District I-8, Comanche County, Oklahoma. The schedule of expenditures of federal awards is prepared using the statutory basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

OTHER INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Actual Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 13,500,684	\$ 15,450,413	\$ 15,440,017	\$ (10,396)
Interest	2,091	12,151	12,714	563
County Revenue	2,160,000	2,359,094	2,359,094	-
State Revenue	72,687,234	73,690,284	73,690,284	-
Federal Revenue	21,361,662	23,628,333	19,804,009	(3,824,324)
Other	<u>1,849,352</u>	<u>2,345,403</u>	<u>2,271,733</u>	<u>(73,670)</u>
Total Revenue	<u>\$ 111,561,023</u>	<u>\$ 117,485,678</u>	<u>\$ 113,577,851</u>	<u>\$ (3,907,827)</u>
EXPENDITURES				
Current				
Instruction	\$ 88,383,777	\$ 88,383,777	\$ 59,157,793	\$ 29,225,984
Support Services	21,519,373	21,519,373	42,917,940	(21,398,567)
Non-instruction Services	7,497,736	7,497,736	7,542,807	(45,071)
Other Outlays	<u>2,639,307</u>	<u>4,634,694</u>	<u>17,776</u>	<u>4,616,918</u>
Total Expenditures	<u>\$ 120,040,193</u>	<u>\$ 122,035,580</u>	<u>\$ 109,636,316</u>	<u>\$ 12,399,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (8,479,170)</u>	<u>\$ (4,549,902)</u>	<u>\$ 3,941,535</u>	<u>\$ 8,491,437</u>
Other Financing Sources				
Transfers In	<u>\$ 4,448,594</u>	<u>\$ 519,326</u>	<u>472,910</u>	<u>(46,416)</u>
Total Other Financing Sources	<u>4,448,594</u>	<u>519,326</u>	<u>472,910</u>	<u>(46,416)</u>
Net Change in Fund Balance	(4,030,576)	(4,030,576)	4,414,445	8,445,021
Fund Balance - Beginning	<u>4,030,576</u>	<u>4,030,576</u>	<u>4,030,576</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,445,021</u>	<u>\$ 8,445,021</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Budgetary Comparison Schedule –Building (Unaudited)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 1,930,291	\$ 2,208,782	\$ 2,208,782	\$ -
Federal Revenue	<u>18,550,354</u>	<u>18,550,354</u>	<u>12,496,412</u>	<u>(6,053,942)</u>
Total Revenue	<u>\$ 20,480,645</u>	<u>\$ 20,759,136</u>	<u>\$ 14,705,194</u>	<u>\$ (6,053,942)</u>
EXPENDITURES				
Current				
Instruction	\$ 60,000	\$ 60,000	\$ 403,016	\$ (343,016)
Support Services	3,286,188	3,564,679	1,913,468	1,651,211
Non-instruction Services	-	-	17,191	(17,191)
Capital Outlay	<u>18,550,354</u>	<u>18,550,354</u>	<u>12,248,396</u>	<u>6,301,958</u>
Total Expenditures	<u>\$ 21,896,542</u>	<u>\$ 22,175,033</u>	<u>\$ 14,582,071</u>	<u>\$ 7,592,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,415,897)	(1,415,897)	123,123	1,539,020
Fund Balance - Beginning	<u>1,415,897</u>	<u>1,415,897</u>	<u>1,415,897</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539,020</u>	<u>\$ 1,539,020</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Statutory Fidelity and Honesty Bonds (unaudited)
 For the Year Ended June 30, 2015

<u>Company</u>	<u>Type</u>	<u>Number</u>	<u>Amount</u>	<u>Effective Date</u>
CNA Surety	Superintendent	71399290	\$100,000	6/1/14-6/1/16
American States	Treasurer	32S108651	\$100,000	6/30/14-6/30/15
American States	Assistant Treasurer	32S108651	\$100,000	6/30/14-6/30/15
American States	Custodian of Activity Fund	32S108651	\$10,000	6/30/14-6/30/15
American States	Assistant Activity Fund Custodian, Clerk Deputy Clerk, Minutes Clerk, Encumbrance Clerk	32S108651	\$1,000 each	6/30/14-6/30/15



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

To the Board of Education
Lawton Independent School District No. 8, Comanche County, Oklahoma
Lawton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawton Independent School District No. 8, Comanche County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise, Lawton Independent School District No. 8, Comanche County, Oklahoma's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawton Independent School District No. 8, Comanche County, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
November 5, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVERCOMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133

To the Board of Education
Lawton Independent School District No. 8, Comanche County, Oklahoma
Lawton, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs for the year ended June 30, 2015. Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance.

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Opinion on Each Major Federal Program

In our opinion, Lawton Independent School District No. 8, Comanche County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Lawton Independent School District No. 8, Comanche County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
November 5, 2015

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I Summary of Auditor's Results

Financial Statements:

Type of audit report:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified ?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statement	_____ Yes	_____ <u>X</u> No

Federal Awards:

Internal control over major program:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified ?	_____ Yes	_____ <u>X</u> None Reported

Type of auditors' report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No

Identification of Major Programs:		
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
12.600	Community Economic Adjustment	
84.010	Title I Grants to Local Education Agencies	

Dollar threshold used to distinguish between Type A and Type B programs:	\$	994,962
Auditee qualified as a low-risk auditee?	_____ <u>X</u> Yes	_____ No

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

None