

Lawton Independent School District No. 8
Comanche County, Oklahoma
Financial Statements
Year-End June 30, 2020

Lawton Independent School District No. 8
Comanche County, Oklahoma
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June 30, 2020

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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, 2020, 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 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions 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 each major fund and the aggregate remaining fund information of the Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2020, 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 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 budgetary information and the statement of statutory fidelity and honesty bonds have not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, 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 solely 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 the effectiveness of Lawton Independent School District No. 8, Comanche County, Oklahoma's 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.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
December 4, 2020

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

**Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2020**

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, 2020. 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 2019 and 2020 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 2020.

Financial Highlights

- ❖ *Fiscal Year 2020 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2019 and Fiscal Year 2020 to illustrate changes in General Fund balance. All years are presented on the modified accrual basis of accounting.*

	<i>Beg Balance</i>	<i>Revenue</i>	<i>Expenses</i>	<i>End Balance</i>
FY2017	\$12,498,342	\$112,381,447	\$108,022,780	\$16,857,009
FY2018	\$16,857,009	\$110,543,004	\$109,390,614	\$18,009,399
FY2019	\$18,009,399	\$121,193,462	\$124,666,577	\$14,536,284
FY2020	\$14,536,284	\$121,283,241	\$123,475,266	\$12,344,258

- ❖ *The 2019 school year was the fifth year of a five-year Municipal Tax Fund (2015), passed by the voters on August 26, 2014 for \$12,500,000 to be used for Building Repairs/Renovations, Windows, HVAC, Roofs, Grounds Repairs/Renovations, and District Vehicles.*
- ❖ *The 2020 school year also included the seventh year of a ten-year Bond Fund (2014), passed by the voters on April 1, 2014 for \$21,610,000 to be used for Building Repairs/Renovations to include constructing, equipping, repairing, and remodeling of sites, Furniture, Fixtures, and Equipment. It was also approved for \$7,150,000 to be used for Transportation Equipment.*
- ❖ *The 2020 school year also in the third year of a ten-year Bond Fund (2017), passed by the voters on November 14, 2017 for \$99,500,000 to be used for the construction of Eisenhower Middle School, Safe Rooms, Student Technology, Classroom Technology, General Education, Program Equipment, Furniture, Auditoriums, Athletics, Tracks, and Maintenance.*

- ❖ *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 change in net assessed valuation impacts both the general and building funds.*

<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2017	\$428,788,793.00	1.4%
2018	\$431,291,108.00	0.6%
2019	\$430,288,210.00	-0.2%
2020	\$427,536,896.00	-0.6%

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 14-15 of this report.

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 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 nine 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), two bond funds (32, 32), one lease revenue (34), all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation which includes the building fund (21) two municipal tax funds (25, 26), bond fund (31), student activity (60) and gifts (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 16 -17 and a reconciliation of the government wide totals can be found on page 18.

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 22-23 of this report.

Proprietary Funds. Proprietary funds are used to account for resources held for workers compensation (83) claims. 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 19-21 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 22-41 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison schedules for the general and building funds. Other supplementary information can be found on pages 43-50 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 2020, the District’s assets exceeded liabilities by \$126,014,830. A decrease of \$15,021,559 due to expenditures for the construction of Eisenhower Middle School and Safe Rooms.

**Lawton Independent School District No. 8
Comanche County
Comparative Statement of Net Position
FY 19 vs. FY 20**

Governmental Activities

	FY 2019	FY 2020	Difference	% Change
Assets				
Current assets	\$ 88,908,362	\$ 65,157,293	\$ (23,751,069)	-27%
Capital and other assets	<u>\$ 144,749,497</u>	<u>\$ 152,783,297</u>	<u>\$ 8,033,800</u>	6%
Total assets	\$ 233,657,859	\$ 217,940,590	\$ (15,717,269)	-7%
Liabilities				
Current liabilities	\$ 19,834,806	\$ 18,037,358	\$ (1,797,448)	-9%
Long-term liabilities	<u>\$ 72,786,664</u>	<u>\$ 73,888,402</u>	<u>\$ 1,101,738</u>	2%
Total liabilities	\$ 92,621,470	\$ 91,925,760	\$ (695,710)	-1%
Net Position				
Net Investment in capital assets	\$ 71,962,833	\$ 105,524,627	\$ 33,561,794	47%
Restricted	\$ 54,537,273	\$ 9,570,045	\$ (44,967,228)	-82%
Unrestricted	<u>\$ 14,536,283</u>	<u>\$ 10,920,158</u>	<u>\$ (3,616,125)</u>	-25%
Total Net Position	<u>\$ 141,036,389</u>	<u>\$ 126,014,830</u>	<u>\$ (15,021,559)</u>	-11%

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 as net related to 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, \$12,344,259 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 Assets 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 19 vs. FY 20
Governmental Activities

	FY 2019	FY 2020	Difference	% Change
Revenues:				
Program Revenues				
Charges for services	\$ 1,376,704	\$ 4,374,036	\$ 2,997,332	69%
Operating				
Grants/Contributions	\$ 15,495,410	\$ 17,643,368	\$ 2,147,958	12%
Capital				
Grants/Contributions	\$ -	\$ 15,073	\$ 15,073	100%
General Revenues				
Property Taxes	\$ 26,392,795	\$ 25,743,760	\$ (649,035)	-3%
State Formula Aid	\$ 71,665,549	\$ 70,968,267	\$ (697,282)	-1%
Federal Formula Aid	\$ 5,732,702	\$ 5,035,804	\$ (696,898)	-14%
General Taxes	\$ 9,815,944	\$ 11,870,856	\$ 2,054,912	17%
Other	\$ 36,470,141	\$ 1,097,952	\$ (35,372,189)	-3222%
Total Revenue	<u>\$ 166,949,245</u>	<u>\$ 136,749,116</u>	<u>\$ (30,200,129)</u>	-22%
Expenditures:				
Instruction	\$ 71,396,746	\$ 66,019,771	\$ (5,376,975)	-8%
Support Services	\$ 57,047,646	\$ 53,721,898	\$ (3,325,748)	-6%
Non-instruction				
services	\$ 8,649,209	\$ 13,074,727	\$ 4,425,518	34%
Other	\$ 22,583,965	\$ 7,718,005	\$ (14,865,960)	-193%
Total Expenditures	<u>\$ 159,677,566</u>	<u>\$ 140,534,401</u>	<u>\$ (19,143,165)</u>	-14%

Change in Net Position	\$ 7,271,679	\$ (3,785,285)	\$ (11,056,964)	292%
Net Position - Beginning, restated	<u>\$ 133,764,710</u>	<u>\$ 129,800,115</u>	<u>\$ (3,964,595)</u>	-3%
Net Position - Ending	<u>\$ 141,036,389</u>	<u>\$ 126,014,830</u>	<u>\$ (15,021,559)</u>	-12%

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, 2020, the general fund cash fund balance was \$12,344,259 with \$12,017,529 unassigned and \$326,730 non-spendable.*

The costs of the District's main activities: instruction, support services, non-instruction services, capital outlay, and debt service are shown in comparison from FY19 to FY20.

**Lawton Independent School District No. 8
Comanche County
Comparison of Total Costs
FY 19 vs. FY 20**

	FY 2019	FY 2020	Change	% Change
Instruction	\$71,587,827	\$68,555,122	(\$3,032,705)	-4.42%
Support services	\$57,047,646	\$54,962,132	(\$2,085,514)	-3.79%
Non-instructional services	\$8,641,417	\$8,657,811	\$16,394	0.19%
Capital outlay	\$30,953,856	\$26,906,580	(\$4,047,276)	-15.04%
Debit Service	\$4,145,467	\$7,114,766	\$2,969,299	41.73%
Other outlays	\$113,077	\$107,237	(\$5,840)	-5.45%
Total cost of services	\$172,489,290	\$166,303,648	(\$6,185,642)	-3.72%

There was a decrease in Instruction by \$3,032,705. However, the largest expense shown in Capital outlay was a result of the construction of Eisenhower Middle School.

Capital Assets and Debit Administration

Capital Assets. The greatest increase in the District's capital assets comes in the areas of Construction in Progress related to the construction of Eisenhower Middle School.

The capital assets (less land and construction in progress) increased by \$2,370,276 before depreciation and a net decrease of \$-2,494,583, after depreciation. The overall capital assets increased by \$8,033,800 (including land and construction in progress) with the largest increases showing in the area of Sites Improvements related to the construction of the Safe Rooms.

Lawton Independent School District No. 8
Comanche County
Comparison of Capital Assets, Net of Depreciation
FY 19 vs. FY 20

	FY 2019	FY 2020	Increase/ Decrease	% Change
Capital Assets (not depreciated)				
Land	\$ 2,951,394.94	\$ 2,946,394.94	\$ (5,000.00)	0%
Construction in Progress	\$ 24,543,378.82	\$ 35,076,762.02	\$ 10,533,383.20	30%
Total Capital Assets (not depreciated)	\$ 27,494,773.76	\$ 38,023,156.96	\$ 10,528,383.20	28%
Capital Assets (depreciated)				
Buildings	\$ 115,645,076.41	\$ 115,078,330.93	\$ (566,745.48)	0%
Improvements	\$ 43,521,073.73	\$ 44,818,285.34	\$ 1,297,211.61	3%
Furniture and Equipment	\$ 6,931,296.34	\$ 7,423,788.02	\$ 492,491.68	7%
Musical Instruments	\$ 1,634,111.60	\$ 1,717,764.33	\$ 83,652.73	5%
Computers	\$ 12,729,198.96	\$ 14,168,264.77	\$ 1,439,065.81	10%
Vehicles	\$ 14,940,205.94	\$ 14,564,805.65	\$ (375,400.29)	-3%
Total Capital Assets (depreciated)	\$ 195,400,962.98	\$ 197,771,239.04	\$ 2,370,276.06	1%
Accumulated Depreciation				
Buildings	\$ (43,724,073.30)	\$ (45,077,908.08)	\$ (1,353,834.78)	3%
Improvements	\$ (11,956,648.06)	\$ (14,101,685.43)	\$ (2,145,037.37)	15%
Furniture and Equipment	\$ (4,432,977.27)	\$ (4,741,051.17)	\$ (308,073.90)	6%
Musical Instruments	\$ (1,553,500.42)	\$ (1,578,046.22)	\$ (24,545.80)	2%
Computers	\$ (8,649,774.67)	\$ (9,603,606.22)	\$ (953,831.55)	10%
Vehicles	\$ (7,829,266.72)	\$ (7,908,802.28)	\$ (79,535.56)	1%
Total Accumulated Depreciation	\$ (78,146,240.44)	\$ (83,011,099.40)	\$ (4,864,858.96)	6%
Total Net Capital Assets (depreciated)	\$ 117,254,722.54	\$ 114,760,139.64	\$ (2,494,582.90)	-2%
Net Government Activity				
- Capital Assets	\$ 144,749,496.30	\$ 152,783,296.60	\$ 8,033,800.30	5%

Additional information concerning the District's Capital Assets is contained in the notes to the financial statements on pages 38.

Debt. At the close of FY 2020 the Districts Bonds Payable increased by net \$1,780,000, the accrued compensated absences increased by \$246,738, and the Lease Revenue Bond (Eisenhower Middle School) debt decreased by \$925,000.

Lawton Independent School District No. 8
Comanche County
Comparison of Long-Term Liabilities
FY 19 vs. FY 20

	FY 2019	FY 2020	Increase/ Decrease	% Change
Bonds Payable	\$25,160,000	\$26,940,000	\$1,780,000	7%
Accrued compensated absences	\$1,331,664	\$1,578,402	\$246,738	16%
Lease Revenue Bond	\$46,295,000	\$45,370,000	-\$925,000	-2%
Judgements	\$0	\$22,531	\$22,531	100%
Total long-term liabilities	\$72,786,664	\$73,910,933	\$1,124,269	2%

Additional information concerning the District's long-term liabilities is contained in the notes to the financial statements on pages 33-35.

General Fund Budgetary Highlights

The revenue shortfall account realized a significant decrease during FY'20. The beginning balance on July 1, 2019 was \$14,536,283 and the ending balance on June 30, 2020 was \$12,344,259 for a total decrease in the revenue shortfall fund of \$2,192,024.

Current & Future Issues

The General Fund – 11 projected FY'21 budget forecasts total revenue of \$135,311,741 to be down by \$484,252 compared to the 2019-20 actual collected revenue of \$135,795,993. A number of the revenue sources are expected to be down slightly.

The projected State Allocations are down though due to the decrease in factors as a result of the state economy and COVID. Therefore, it is prudent for the district to be intentional with funding and expenditures to secure the future of Lawton Public Schools.

The General Fund – 11 projected expenditures for the FY'21 fiscal year are set at \$135,311,741 with salaries projected at \$85,204,819, benefits at \$27,150,661; totaling \$112,355,480 (83.03 % of the budget), and \$22,956,261 for non-salary instructional/operational expenditures.

The FY'21 Building Levy – 21 budget is set at \$2,906,147. The carryover balances in the Building Levy as of July 1, 2018, July 1, 2019, and July 1, 2020 were \$2,002,368, \$639,440, and \$806,148 respectively. The fund would have been zero at the end of FY20 without important cost saving measures (i.e. termination of SODEXO Maintenance contract).

The FY'21 budgets for Bond Fund -32 (2014), Bond Fund -33 (2017), and Bond Lease Purchase Fund - 34 (2017) will be used to complete projects and make purchases based upon the criteria set forth in the bond language of each bond and driven by strategic planning that utilizes stakeholder collaboration and data to make purchasing decisions. (Bond Fund 31 (2004) was closed out in FY'20).

The FY'21 Municipal Tax Fund - 25 (2010) carryover budget of \$253,776 has been designated to complete the site repairs/updates and purchase grounds equipment. The balance of this fund will be zero by the end of FY'21.

The FY'21 Municipal Tax Fund -26 (2015) budget of \$5,107,167 has been designated for the window projects, HVAC and roof projects, grounds repair and renovations such as playgrounds and fencing, district vehicles and equipment. Final collections were received in February, 2020.

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 Mr. Lance Gibbs, 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, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 9,103,663
Restricted Cash	11,769,263
Investments	43,780,803
Prepaid Judgment	22,531
Inventories	481,033
Capital Assets:	
Nondepreciated Capital Assets	36,331,637
Depreciated Capital Assets, Net of Depreciation	<u>116,451,660</u>
 Total Assets	 <u>\$ 217,940,590</u>
 LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Outstanding	\$ 18,037,357
Long -Term Liabilities	
Due within One Year	9,337,971
Due in More than One Year	<u>64,550,432</u>
 Total Liabilities	 <u>\$ 91,925,760</u>
 Net Position	
Net Investment in Capital Assets	\$ 105,524,627
Restricted for	
Building Services	\$ 806,147
Debt Service	6,806,575
Other	14,143
Scholarships	500
School Organizations	1,942,680
Unrestricted	<u>10,920,158</u>
Total Net Position	<u>\$ 126,014,830</u>

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, 2020

<i>Functions/Programs</i>	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
Primary Government					
Governmental Activities					
Instruction	\$ 66,019,771	\$ 202,299	\$ 11,311,615	\$ 8,702	\$ (54,497,155)
Support Services	53,721,898	1,681,575	183,258	-	(51,857,065)
Operation of Noninstructional Services	13,074,727	2,490,162	6,148,495	6,371	(4,429,699)
Interest on long-term debt	578,745	-	-	-	(578,745)
Depreciation - unallocated	7,139,260	-	-	-	(7,139,260)
Total Governmental Activities	\$ 140,534,401	\$ 4,374,036	\$ 17,643,368	\$ 15,073	\$ (118,501,924)
General Revenues					
Taxes					
Property taxes, levied for general purposes					15,488,435
Property taxes, levied for building purposes					2,214,495
Property taxes, levied for sinking fund purposes					8,040,830
General Taxes					11,870,856
State aid - formula grants					70,968,267
Federal aid - formula grants					5,035,804
Investment Earnings					1,097,952
Total General Revenues					\$ 114,716,639
Change in Net Position					\$ (3,785,285)
Net Position - Beginning, restated					129,800,115
Net Position - Ending					\$ 126,014,830

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2020

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Bond Fund 34	Sinking Fund	Other Governmental Funds	Total
Assets							
Cash and Cash Investments	\$ (1,411,456)	\$ 1,445,214	\$ -	\$ -	\$ 806,575	\$ 6,432,694	\$ 7,273,027
Restricted Cash	-	-	13,585,530	-	-	-	13,585,530
Pooled Cash and Investments	29,832,542	6,015,000	-	-	6,000,000	1,933,260	43,780,802
Investment in Judgment	22,531	-	-	-	-	-	22,531
Inventories - Supplies, materials	326,730	-	-	-	-	-	326,730
Total Assets	\$ 28,770,347	\$ 7,460,214	\$ 13,585,530	\$ -	\$ 6,806,575	\$ 8,365,954	\$ 64,988,620
Liabilities							
Warrants Outstanding	\$ 16,426,088	\$ 271,355	1,084,002	\$ -	\$ -	\$ 255,684	\$ 18,037,129
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	\$ 16,426,088	\$ 271,355	\$ 1,084,002	\$ -	\$ -	\$ 255,684	\$ 18,037,129
Fund Balances							
Nonspendable	\$ 326,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,730
Restricted	-	7,188,859	12,037,767	-	6,806,575	6,167,590	32,200,791
Committed	-	-	-	-	-	1,942,680	1,942,680
Assigned	-	-	463,761	-	-	-	463,761
Unassigned	12,017,529	-	-	-	-	-	12,017,529
Total Fund Balances	\$ 12,344,259	\$ 7,188,859	\$ 12,501,528	\$ -	\$ 6,806,575	\$ 8,110,270	\$ 46,951,491
Total Liabilities and Fund Balances	\$ 28,770,347	\$ 7,460,214	\$ 13,585,530	\$ -	\$ 6,806,575	\$ 8,365,954	

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 \$235,794,397 and the accumulated depreciation is \$83,011,100

152,783,297

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

154,302

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

14,143

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	26,940,000	
Lease Purchase	45,370,000	
Compensated Absences	1,578,403	(73,888,403)

Net assets of governmental activities.

\$ 126,014,830

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2020

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Bond Fund 34	Sinking Fund	Other Governmental Funds	Total
REVENUE							
Property Taxes	\$ 15,488,435	\$ -	\$ -	\$ -	\$ 8,044,430	\$ 2,215,472	\$ 25,748,337
Interest	350,177	-	463,761	1,243	13,778	34,967	863,926
County Revenue	2,308,442	-	-	-	-	-	2,308,442
State Revenue	80,684,434	-	-	-	-	-	80,684,434
Federal Revenue	20,178,643	-	-	-	-	-	20,178,643
Other	<u>1,872,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,859</u>	<u>4,293,345</u>	<u>6,405,236</u>
Total Revenue	<u>\$ 120,882,163</u>	<u>\$ -</u>	<u>\$ 463,761</u>	<u>\$ 1,243</u>	<u>\$ 8,298,067</u>	<u>\$ 6,543,784</u>	<u>\$ 136,189,018</u>
EXPENDITURES							
Current							
Instruction	\$ 66,119,725	\$ -	\$ 2,020,670	\$ -	\$ -	\$ 386,814	\$ 68,527,209
Support Services	49,115,545	771,911	1,079,223	-	-	4,000,834	54,967,513
Non-instruction Services	8,030,777	-	-	-	-	627,034	8,657,811
Capital Outlay	41,899	519,618	23,158,925	2,367,775	-	818,365	26,906,582
Other Outlays	144,789	-	-	-	2,290	-	147,079
Debt Service	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	576,455	-	576,455
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,220,000</u>	<u>-</u>	<u>6,220,000</u>
Total Expenditures	<u>\$ 123,452,735</u>	<u>\$ 1,291,529</u>	<u>\$ 26,258,818</u>	<u>\$ 2,367,775</u>	<u>\$ 6,798,745</u>	<u>\$ 5,833,047</u>	<u>\$ 166,002,649</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,570,572)	(1,291,529)	(25,795,057)	\$ (2,366,532)	\$ 1,499,322	\$ 710,737	\$ (29,813,631)
Other Financing Sources							
Transfers	263,208	-	-	-	-	(263,208)	-
Proceeds of Bonds and Leases	-	4,570,000	1,067,640	2,362,360	-	-	8,000,000
Sale of Capital Assets	<u>115,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,340</u>
Total Other Financing Sources	<u>\$ 378,548</u>	<u>4,570,000</u>	<u>1,067,640</u>	<u>2,362,360</u>	<u>-</u>	<u>(263,208)</u>	<u>8,115,340</u>
Net Change in Fund Balances	\$ (2,192,024)	3,278,471	(24,727,417)	(4,172)	1,499,322	447,529	(21,698,291)
Fund Balances - Beginning, restated	<u>14,536,283</u>	<u>3,910,388</u>	<u>37,228,945</u>	<u>4,172</u>	<u>5,307,253</u>	<u>7,662,741</u>	<u>68,649,782</u>
Fund Balances - Ending	<u>\$ 12,344,259</u>	<u>\$ 7,188,859</u>	<u>\$ 12,501,528</u>	<u>\$ -</u>	<u>\$ 6,806,575</u>	<u>\$ 8,110,270</u>	<u>\$ 46,951,491</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, 2020

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

Net change in fund balances - total governmental funds		\$ (21,698,291)
<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 capital outlay exceeded depreciation expense in the current period.</p>		
	Capital Outlay, net	\$ 26,085,076
	Depreciation Expense	<u>(7,139,259)</u>
		18,945,817
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		
		(85,345)
<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>		
		(246,739)
<p>Proceeds of general obligation debt provide current financial resources for governmental funds but issuing debt increases long-term liabilities in the statement of net assets.</p>		
		(8,000,000)
<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	\$ 6,220,000
	Lease payable	<u>925,000</u>
		7,145,000
<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>		
		154,302
<p>Internal service funds are used to charge costs of workers' compensation a to individual funds. The governmental funds included expenditures of \$20,000. The expenses of the governmental activities however reflects the actual costs incurred, \$20,029. The difference represents the undercharge by the internal service funds that is allocated back to governmental activities and transfers</p>		
		<u>(29)</u>
Change in net assets position of governmental activities.		<u>\$ (3,785,285)</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, 2020

	<u>Internal Service Funds Workers' Compensation</u>
ASSETS	
Cash and Cash Investments	\$ <u>14,373</u>
Total Assets	\$ <u>14,373</u>
LIABILITIES	
Warrants Outstanding	\$ <u>230</u>
NET POSITION	
Restricted	\$ <u><u>14,143</u></u>

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, 2020

	Internal Workers' Compensation
Operating Revenues	
Charges to other funds	\$ 20,000
Total Operating Revenues	\$ 20,000
Operating Expenses	
Other Outlays	\$ 20,029
Total Operating Expenses	\$ 20,029
Change in net position	(29)
Net Position- Beginning	14,172
Net Position- Ending	\$ 14,143

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, 2020

	<u>Internal Service Funds Workers' Compensation</u>
Cash Flows from Operating Activities	
Received from assessments made to other funds	\$ 20,000
Payments of claims	<u>(21,976)</u>
Net cash used by operating activities	<u>\$ (1,976)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers to other funds	<u>\$ -</u>
Net increase (decrease) in cash	\$ (1,976)
Cash and cash equivalents, Beginning	<u>16,349</u>
Cash and cash equivalents, Ending	<u>\$ 14,373</u>
Cash Flows from Operating Activities	
Operating loss	\$ (29)
Adjustments to reconcile operating loss to	
Net cash provided (used) by operating activities	
Warrants Outstanding	<u>(1,947)</u>
Net cash provided (used) by operating activities	<u>\$ (1,976)</u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Fiduciary Net Position – Regulatory Basis
June 30, 2020

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Cash Investments	\$ 1,500
Pooled Cash and Investments	43,960
Investments	<u>145,434</u>
Total Assets	<u>\$ 190,894</u>
LIABILITIES	
Warrants Outstanding	<u>\$ 1,500</u>
NET POSITION	
Restricted for Scholarships	<u>\$ 189,394</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, 2020

	<u>Private- Purpose Trust</u>
Additions:	
Interest	<u>\$ 8,760</u>
Total Additions	<u>\$ 8,760</u>
Deductions	
Scholarships Awarded	<u>\$ 6,500</u>
Total Deductions	<u>\$ 6,500</u>
Change In Net Position	\$ 2,260
Net Position- Beginning	<u>187,134</u>
Net Position- Ending	<u>\$ 189,394</u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2020

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, 2020

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.
- 2014 Bond Fund 32 is used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- 2017 Bond Fund 33 is used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- Lease Revenue 2017 Fund 34 is used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- Sinking Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2020

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

- 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.
- Municipal Tax Funds are 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.
- 2004 Bond Fund 31 are used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- 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.
- Activity Fund is special revenue fund the district accounts for resources and expenditures incurred by the student activity groups.
- 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)
- 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.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2020

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.

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. 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 \$5,000 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

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2020

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.

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

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2020

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.

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 for a period of three years or more as of the date such taxes first become due, the property is offered for sale.

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 59% 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

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improvement of these capital assets.

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 Capital Projects – The component of net position that reports the amount of funds restricted for capital projects being funded by lease revenue bonds from Comanche County Educational Facilities Authority.

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 Scholarships – the component of net position that report the assets restricted for scholarships.

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 \$9,570, 045 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

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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 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. As of June 30, 2020, the District does not have assigned fund balances.

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, 2020, fund balances are comprised of the following:

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Fund 34	Sinking Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable							
Inventory	\$ 326,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,730
Restricted							
Debt Service	-	-	-	-	6,806,575	-	6,806,575
School Construction and Fixed Assets	-	7,188,859	12,037,767	-	-	5,360,943	24,587,569
Building Operation and Maintenance	-	-	-	-	-	806,147	806,147
Scholarships	-	-	-	-	-	500	500
Committed							
School Organizations	-	-	-	-	-	1,942,680	1,942,680
Assigned							
School Construction and Fixed Assets	-	-	463,761	-	-	-	463,761
Unassigned	12,017,529	-	-	-	-	-	12,017,529
	<u>\$ 12,344,259</u>	<u>\$ 7,188,859</u>	<u>\$ 12,501,528</u>	<u>\$ -</u>	<u>\$ 6,806,575</u>	<u>\$ 8,110,270</u>	<u>\$ 46,951,491</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, 2020, the bank balance of deposits and cash pools was \$9,103,663. 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, 2020, 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, 2020. 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. Total external pool investments at June 30, 2020 are \$43,824,763 which are shown on the statement of net position as unrestricted \$43,780,803 and on the statement of fiduciary net position at \$43,960.

The General fund also held an investment in judgments with a balance of \$22,531 which is reported as investment in judgment on the statement of net position and governmental fund balance sheet. Judgments awarded against the District for obligations from prior years were purchased from the plaintiffs as investments of the general fund. The original judgment amounts totaling \$24,557 are levied in the sinking fund rateably over three years at a statutory interest rate set annually. As of June 30, 2020, the balance to collect was \$22,531. The interest rate for 2020 was 6.75%.

The District holds the following investments in the endowment fund:

Type of Investment	Cost	Fair Value	Investment Maturities (in Years)			
			Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Money-Market Mutual Funds	\$ 136,170	\$ 136,370	\$ 136,370	\$ -	\$ -	\$ -
Fixed Income	14,058	9,064	9,064	-	-	-
	<u>\$ 150,228</u>	<u>\$ 145,434</u>	<u>\$ 145,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$43,824,763

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have Standard & Poor's ratings of 9.4 percent AA+, 21.05 percent AAAm, and 69.1 percent NR. Securities with NR rating are bank deposit accounts. Investments held in the endowment fund in money market mutual funds and federal agencies are rated Aaa by Moody's. Investments within the mutual funds are rated based on individual holdings of each fund. The mutual funds as a whole are not rated.

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 external investment pool and mutual funds, there are no defined maturity dates. The risk related to investments in the endowment fund are shown in the table above. 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.

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	\$ 25,160,000	\$ 8,000,000	\$ 6,220,000	\$ 26,940,000	\$ 5,870,000
CCPFA Lease Purchase	46,295,000	-	925,000	45,370,000	3,350,000
Compensated absences	1,331,664	589,853	343,114	1,578,403	117,971
	<u>\$ 72,786,664</u>	<u>\$ 8,589,853</u>	<u>\$ 7,488,114</u>	<u>\$ 73,888,403</u>	<u>\$ 9,337,971</u>

Payments on bonds are made by the debt service fund with property taxes. The lease purchase is liquidated with general obligation bond proceeds. Compensated are generally liquidated by the general fund.

Bonds: Bonds payable June 30, 2020, is composed of the following individual general obligation bond issues:

Original Issue Amount	Purpose	Issue Date	Final Payment	Interest Rates	Maturity
14,380,000	Combined Purpose	3/1/2019	3,595,000	2.000%	3/1/2024
8,000,000	Combined Purpose	3/1/2020	2,000,000	2.000%	3/1/2025
3,060,000	Building Bonds	2/1/2018	1,020,000	Variable	2/1/2022
3,775,000	Combined Purpose	12/1/2017	1,265,000	Variable	12/1/2021

The annual requirements to amortize all bond debt outstanding as of June 30, 2020 including interest payments are as follows:

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Year Ending June 30	Principal	Interest	Total
2021	\$ 5,870,000	\$ 545,913	\$ 6,415,913
2022	7,880,000	411,913	8,291,913
2023	5,595,000	263,800	5,858,800
2024	5,595,000	151,900	5,746,900
2025	2,000,000	40,000	2,040,000
	<u>\$ 26,940,000</u>	<u>\$ 1,413,526</u>	<u>\$ 28,353,526</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, 2020 is \$42,399,867.

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.

The District has entered financing arrangements with Comanche County Educational Facilities Authority (see Note 13). These financing arrangements are accounted for as capital leases, since for accounting purposes the title transfers at the end of lease term. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments for years ending June 30, are as follows:

Year Ending June 30	Future Minimum Lease Payments	Less Interest	Present Value of Minimum Lease Payments
2021	\$ 4,764,007	\$ (1,414,007)	\$ 3,350,000
2022	5,709,822	(1,309,822)	4,400,000
2023	10,462,982	(1,172,982)	9,290,000
2024	4,564,063	(884,063)	3,680,000
2025	6,219,615	(769,615)	5,450,000
Thereafter	20,416,769	(1,216,769)	19,200,000
	<u>\$ 52,137,258</u>	<u>\$ (6,767,258)</u>	<u>\$ 45,370,000</u>

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Pledged Revenues

The District has pledged \$65,208,647 of future issuances of general obligation bonds to repay \$55,000,000 plus interest lease revenues bonds with Comanche County Educational Facilities Authority (CCEFA). Proceeds from the lease revenues bonds are to be for the construction and placement of improvements on real property. The general obligation bonds of the District will be issued prior to the payment due to of lease purchase payments to CCEFA. One hundred percent of the general obligation bonds will be used to pay the lease revenue bond payments and bond issuance costs. The annual payments will start June 1, 2019 and will continue with final payment due to CCEFA on June 1, 2028.

Property tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. As of June 30, 2020, \$26,940,000 general obligations were outstanding and \$66,290,000 of general obligations bonds were authorized but not issued as of June 30, 2020. Current year had collected \$8,044,430 of pledged revenues and paid \$6,796,455 of principal and interest expenses toward obligations.

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 publicly 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.

Funding Policy – Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2020, qualifying employee contributions were reduced by a retirement credit of \$686,470 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2020, the District had a statutory contribution rate of 9.5% plus 7.70% as a match for salaries funded by federal

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programs. The contribution requirements of System members and the District are established and may be amended by the state legislature.

The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2020, 2019 and 2018 were \$6,860,168, \$6,238,361 and \$5,949,341, respectively, equal to the required contributions for each year.

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 - Other Post-Employment Benefits (OPEB)

In addition to the retirement plan described in Note 5, the District participates in the state-administered Supplemental Health Insurance Program (OPEB Plan) within Teachers' Retirement System of Oklahoma (the OPEB System), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Teacher Retirement System (TRS).

Plan Description – The OPEB System pays a monthly health insurance premium supplement for each retired member who is enrolled in the health insurance plan provided by the State and Education Employees Group Health and Dental Insurance plan or in an insurance program provided by a participating education employer who provides health insurance coverage to former employees, provided the retired member had at least ten (10) years of Oklahoma service prior to retirement.

Benefits Provided – All retirees are eligible except for special retirees (as defined) and spouses and beneficiaries as long as they have at least 10 years of service. Retirees who elect such coverage receive the smaller of (i) a Medicare supplement benefit, if eligible, or (ii) an amount between \$100 and \$105 per month, depending on service and final average compensation. Payments made on the retirees' behalf to the Employees Group Insurance Division of the Office of Management and Enterprise Services, if the member continues health coverage under that Plan, or (ii) to the member's former employer, if the member retains health coverage under a plan maintained by the former employer.

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the subsidy averages 0.15% of normal cost, as determined by an actuarial valuation.

OPEB plan fiduciary net position – Detailed information about the OPEB 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 7 - 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

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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.

A contractor on the Freedom elementary project has asserted claims of breach of contract asking for a significant amount in damages. The District has asserted numerous defenses. The case is scheduled for mediation. 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.

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 \$1,667,193 financed with Bond Fund 32, \$7,490,781 to be financed with Bond Fund 33 and \$2,870,093 to be financed from other governmental funds sales tax fund 26.

Note 8 - 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 9 - 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	263,208	Operating transfer
		<u>263,208</u>	

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Note 10 – Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 2,951,395	\$ -	\$ 5,000	\$ 2,946,395
Construction in progress	12,025,537	22,222,798	863,093	33,385,242
Total capital assets, not being depreciated	<u>\$ 14,976,932</u>	<u>\$ 22,222,798</u>	<u>\$ 868,093</u>	<u>\$ 36,331,637</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 45,211,892	\$ 1,394,131	\$ 96,568	\$ 46,509,455
Buildings	115,645,076	-	566,745	115,078,331
Buses and Vehicles	14,940,206	493,276	868,676	14,564,806
Furniture and Equipment	6,931,439	672,706	180,215	7,423,930
Musical Instruments	1,634,112	86,323	2,670	1,717,765
Computers	12,729,408	2,078,935	639,870	14,168,473
Total capital assets, being depreciated	<u>\$ 197,092,133</u>	<u>\$ 4,725,371</u>	<u>\$ 2,354,744</u>	<u>\$ 199,462,760</u>
Less Accumulated Depreciation	<u>78,146,241</u>	<u>7,139,259</u>	<u>2,274,400</u>	<u>83,011,100</u>
Total capital assets, being depreciated, net	<u>\$ 118,945,892</u>	<u>\$ (2,413,888)</u>	<u>\$ 80,344</u>	<u>\$ 116,451,660</u>
Governmental activities capital assets, net	<u>133,922,824</u>	<u>19,808,910</u>	<u>948,437</u>	<u>152,783,297</u>
Total Primary Government	<u>\$ 133,922,824</u>	<u>\$ 19,808,910</u>	<u>\$ 948,437</u>	<u>\$ 152,783,297</u>

Note 11 - Inventories

Inventory consists of the following at June 30, 2020:

	Balance Sheet Governmental Funds - Regulatory Basis	Statement of Net Position - Regulatory Basis
Fuel:	14,318	14,318
Supplies:	312,412	312,412
USDA Food Commodities:	-	154,303
Total Inventories:	<u>\$ 326,730</u>	<u>\$ 481,033</u>

Note 12 - Sales Tax Agreement

On October 28, 2014, the District signed an agreement with the City of Lawton to receive seven-eighths of one 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. This agreement ended in February 2020, and was not renewed.

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Note 13 – Lease Revenue Bond Agreements

On March 29, 2018 the Board of Education entered into ground lease and sublease agreements with the Comanche County Educational Facilities Authority (CCEFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2028. The Authority advanced \$55,000,000 in lease revenue bonds, series 2017, to the District for the acquisition and construction of buildings and improvements. The District will use money received from general obligation debt to repay the lease. The advanced funds are being held in a trust and District remits applications for payments. The balance of the advanced funds is reported as Restricted Cash in Lease Revenue 2017 Fund 34 on Balance Sheet of Governmental Funds and on the Statement of Net Position.

Note 14 – Tax Abatement

The State of Oklahoma has authorized by the Oklahoma State Statutes Title 31 to offer homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District.

For the year ended June 30, 2020, abated property taxes were \$2,566,599.

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Note 15 – Restatement of Beginning Balances

During year end close procedures, the District had determined there were adjustments required to properly state the beginning of the year balances. Adjustments were required to properly state cash and investments, warrants payables, capital assets, beginning net positions/fund balances, and opinion units and are listed below:

	Previously Presented as of 6/30/2019	Restatement	Restated Balance as of 6/30/19
Statement of Net Position-Regulatory Basis			
Assets:			
Cash & Investments	2,138,132	(189,134)	1,948,998
Capital Assets:			
Nondepreciated Capital Assets	27,494,774	(10,826,672)	16,668,102
Depreciated Capital Assets, Net of Depreciation			-
Liabilities:			
Warrants Payable	8,676	(2,000)	6,676
Net Position			
Net Investment in Capital Assets	71,962,833	(10,826,672)	61,136,161
Restricted For			
Building Services	47,079,402		47,079,402
Debt Services	5,307,253		5,307,253
Other	222,468		222,468
Committed	1,928,150	(187,134)	1,741,016
Unrestricted	14,536,283	(222,468)	14,313,815
Total Net Position:	<u>141,036,389</u>		<u>129,800,115</u>
Governmental Funds-Regulatory Basis			
Assets			
Cash	10255936	(16,348)	10,239,588
Investments	78,429,958	(189,134)	78,240,824
Liabilities			
Warrants payable	19,834,806	(4,176)	19,830,630
Fund Balances			
Nonspendable	222,468		222,468
Restricted for:			
Retirement of long term debt	5,307,253		5,307,253
Other funds	47,079,402	(201,306)	46,878,096
Committed	1,928,150		1,928,150
Unassigned	14,536,283	(222,468)	14,313,815
Total Fund Balance	<u>69,073,556</u>		<u>68,649,782</u>

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	Previously Presented as of 6/30/2019	Restatement	Restated Balance as of 6/30/19
Statement of Net Position-Proprietary Funds- Regulatory Basis			
Internal Service Funds: Workers' Compensation			
Assets:			
Cash and Cash Investments	-	16,348	16,348
Liabilities			
Warrants Outstanding	-	2,176	2,176
Net Position			
Restricted	-	14,172	14,172

Statement of Fiduciary Net Position -- Regulatory Basis
Private-Purpose Trust

Assets:			
Investments	-	189,134	189,134
Liabilities			
Warrants Outstanding	-	2,000	2,000
Net Position			
Restricted	-	187,134	187,134

Note 16 – Subsequent Event

The District has evaluated subsequent events through December 4, 2020, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2020

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Gifts Fund	Municipal Tax Fund 25	Total
Assets							
Cash and Cash Investments	\$ 844,277	\$ 5,314,221	\$ -	\$ 9,420	\$ 11,000	\$ 253,776	\$ 6,432,694
Pooled Cash and Investments	-	-	-	1,933,260	-	-	1,933,260
Due from Other Funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 844,277</u>	<u>\$ 5,314,221</u>	<u>\$ -</u>	<u>\$ 1,942,680</u>	<u>\$ 11,000</u>	<u>\$ 253,776</u>	<u>\$ 8,365,954</u>
Liabilities							
Warrants Outstanding	\$ 38,130	\$ 207,054	\$ -	\$ -	\$ 10,500	\$ -	\$ 255,684
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>\$ 38,130</u>	<u>\$ 207,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ 255,684</u>
Fund Balances							
Restricted	\$ 806,147	\$ 5,107,167	\$ -	\$ -	\$ 500	\$ 253,776	\$ 6,167,590
Committed	-	-	-	1,942,680	-	-	1,942,680
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>806,147</u>	<u>5,107,167</u>	<u>-</u>	<u>1,942,680</u>	<u>500</u>	<u>253,776</u>	<u>8,110,270</u>
Total Liabilities and Fund Balances	<u>\$ 844,277</u>	<u>\$ 5,314,221</u>	<u>\$ -</u>	<u>\$ 1,942,680</u>	<u>\$ 11,000</u>	<u>\$ 253,776</u>	<u>\$ 8,365,954</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2020

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Gifts Fund	Municipal Tax Fund 25	Total
REVENUE							
Property Taxes	\$ 2,215,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,215,472
Interest	5,834	-	-	29,133	-	-	34,967
State Revenue	-	-	-	-	-	-	-
Federal Revenue	-	-	-	-	-	-	-
Other	<u>457,881</u>	<u>1,666,667</u>	<u>-</u>	<u>2,149,797</u>	<u>19,000</u>	<u>-</u>	<u>4,293,345</u>
Total Revenue	<u>\$ 2,679,187</u>	<u>\$ 1,666,667</u>	<u>\$ -</u>	<u>\$ 2,178,930</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 6,543,784</u>
EXPENDITURES							
Current							
Instruction	\$ -	\$ -	\$ -	386,814	\$ -	\$ -	\$ 386,814
Support Services	2,512,480	327,410	255,100	887,344	18,500	-	4,000,834
Non-instruction Services	-	-	-	627,034	-	-	627,034
Capital Outlay	-	813,477	4,888	-	-	-	818,365
Debt Service							
Judgments and Related Interest	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 2,512,480</u>	<u>\$ 1,140,887</u>	<u>\$ 259,988</u>	<u>\$ 1,901,192</u>	<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 5,833,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	166,707	525,780	(259,988)	277,738	500	-	710,737
Other Financing Sources							
Transfers	-	-	-	(263,208)	-	-	(263,208)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,208)</u>	<u>-</u>	<u>-</u>	<u>(263,208)</u>
Net Change in Fund Balances	166,707	525,780	(259,988)	14,530	500	-	447,529
Fund Balances, Beginning	<u>639,440</u>	<u>4,581,387</u>	<u>259,988</u>	<u>1,928,150</u>	<u>-</u>	<u>253,776</u>	<u>7,662,741</u>
Fund Balances, Ending	<u>\$ 806,147</u>	<u>\$ 5,107,167</u>	<u>\$ -</u>	<u>\$ 1,942,680</u>	<u>\$ 500</u>	<u>\$ 253,776</u>	<u>\$ 8,110,270</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, 2020

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2020</u>
801	FOOTBALL EXTRAS	6,350	13,961	(12,151)	8,160
802	BOYS BASKETBALL EXTRAS	5,785	917	(564)	6,138
803	GIRLS BASKETBALL EXTRAS	2,586	12,365	(8,489)	6,462
805	BOYS BASEBALL EXTRAS	626	1,065	(722)	970
806	GIRLS SOFTBALL EXTRAS	3,559	620	(1,129)	3,049
807	WRESTLING EXTRAS	3,103	998	(1,655)	2,446
809	GIRLS TENNIS EXTRAS	100	-	-	100
811	BOYS TRACK EXTRAS	355	100	-	455
812	GIRLS TRACK EXTRAS	64	100	-	164
813	BOYS GOLF EXTRAS	570	-	-	570
814	BOYS CROSS COUNTRY EXTRAS	486	-	(55)	431
815	BOYS SOCCER EXTRAS	994	40	(785)	249
816	GIRLS VOLLEYBALL EXTRAS	1,995	105	(150)	1,950
817	TRAINERS EXTRAS	3,088	1,110	-	4,198
819	ALL SPORTS EXTRAS	16,791	3,434	(2,959)	17,266
820	GIRLS SOCCER EXTRAS	2,295	160	(1,045)	1,409
821	GIRLS GOLF EXTRAS	15	175	-	190
822	GIRLS CROSS COUNTRY EXTRAS	36	-	-	36
830	DISTRICT ATHLETICS	223,095	(33,398)	(2,925)	186,773
831	DISTRICT CONCESSION	91,414	27,058	(45,871)	72,601
832	ATHLETICS (DISTRICT)	14,174	53,679	(40,691)	27,162
836	DISTRICT SWIMMING	1,791	8,826	(10,026)	592
840	ATHLETICS (SITES)	187,938	387,196	(360,191)	214,943
850	GENERAL	253,440	301,816	(302,609)	252,646
851	ACADEMIC TEAM	5,284	3,396	(2,741)	5,939
852	AGRICULTURE	21,922	87,204	(82,812)	26,314
853	AP EXAM	15,221	15,927	(16,148)	15,000
854	ART	21,328	27,595	(25,141)	23,783
855	A.H.S.C. ACTIVITIES	125	(125)	-	-
856	ASSISTANCE CLUB	14,205	7,090	(14,100)	7,195
857	ARTS IN EDUCATION	102	-	-	102
858	ACE	16,486	278	(156)	16,608
859	ADVANCE PLACEMENT	261	260	-	521
860	BAND	9,105	24,482	(21,297)	12,289
861	BUILDERS CLUB	4,839	2,146	(1,335)	5,649
862	BUSINESS	92	561	(554)	99
863	BOE REIMBURSEMENT	5,439	15,818	(15,000)	6,257
864	CAMPUS CRIME STOPPER	938	-	(87)	851
865	AMERICAN STUDIES CLUB	1,113	(490)	-	623
867	CHEERLEADERS	31,140	22,049	(34,429)	18,760
868	CHEMISTRY	2,754	-	(809)	1,945
869	CLOSE-UP	97	-	-	97
871	6TH GRADE TEAM	7,449	8,758	(6,302)	9,905
872	7TH GRADE TEAM	3,767	694	(832)	3,629
873	8TH GRADE TEAM	2,747	2,284	(2,176)	2,855

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2020

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2020</u>
875	CONCESSIONS	21,705	27,013	(29,723)	18,995
876	CHROMEBOOKS	-	16,325	(2,123)	14,202
878	COOKING CLUB	-	895	(584)	311
880	eSports	82	170	(51)	201
881	CULTURAL AWARENESS	1,182	-	(120)	1,063
883	COUNSELORS	1,222	-	(42)	1,180
884	ANIME	28	-	-	28
885	DRAMA	6,360	6,360	(7,854)	4,867
886	LETTERMEN CLUB	16,164	-	(6,922)	9,243
887	COMPUTER CLASS	122	39	-	161
888	AFRICAN AMER. MULT.	4,140	1,627	(1,020)	4,746
889	FFA	2,505	1,785	(3,435)	855
890	FCA	1,493	3,392	(2,443)	2,442
891	FCCLA	3,073	1,551	(1,941)	2,683
892	FBLA	405	525	(209)	721
893	CHARACTER ED	208	-	-	208
894	FENCING CLUB	969	430	-	1,399
895	FRENCH CLUB	434	(434)	-	-
896	FISHING CLUB	350	-	-	350
897	GERMAN CLUB	-	32	-	32
898	FFA HORTICULTURE	10,099	5,253	(10,349)	5,003
901	GIFTED/TALENTED	2,167	2,114	(2,523)	1,758
902	DRILL TEAM	12,032	10,814	(16,330)	6,516
903	MENTORSHIP PROGRAM	9,775	17,801	(11,256)	16,319
904	NEWSPAPER	388	3,000	-	3,388
905	LIBRARY	89,341	138,925	(123,345)	104,921
906	KEY CLUB	7,819	20,859	(18,886)	9,792
907	MATHEMATICS	3,085	2,240	(1,680)	3,645
908	NHS	14,122	3,939	(6,267)	11,795
909	NJHS	7,722	6,316	(3,369)	10,669
910	MISC. EXPENSE	62,963	61,385	(30,752)	93,596
911	NATIVE AMERICAN CLUB	5,105	360	(358)	5,108
912	MILITARY CHILD CLUB	3,985	1,187	(908)	4,264
913	OPEN DOORS	69	-	-	69
914	ORCHESTRA	6,588	20,465	(14,390)	12,663
915	PHYSICS	176	-	-	176
916	PHYSICAL EDUCATION	9,619	819	(3,507)	6,931
917	ROBOTICS	4,705	3,588	(4,404)	3,889
918	PEP CLUB	4,488	2,707	(4,931)	2,264
919	PICTURES	60,814	12,944	(17,005)	56,752
920	JROTC	26,643	26,539	(34,687)	18,495
921	RENAISSANCE	10,669	4,995	(7,281)	8,382
922	RESOURCE CENTER	6,239	-	-	6,239
924	SCIENCE CLUB	17,649	1,135	(2,454)	16,330
925	ELECTIVES	4,976	1,902	(2,249)	4,629
926	LPS STROLLING STRING	1,263	2,785	(2,824)	1,224
927	SPANISH CLUB	1,809	5,595	(3,766)	3,637

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2020

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE</u>			<u>BALANCE</u>
		<u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 2020</u>
928	SPEECH & DEBATE	366	347	(248)	465
929	SPECIAL EDUCATION	8,242	8,319	(6,773)	9,788
931	STUDENT COUNCIL	58,996	82,287	(92,649)	48,634
932	HUMAN RESOURCES	16	-	-	16
933	STUDENT STORE	7,909	13,868	(12,249)	9,528
934	SENIORS 2020	2,769	21,929	(15,931)	8,767
935	SENIORS 2021	240	1,399	(183)	1,456
936	SENIORS 2022	4,777	2,629	(1,046)	6,360
937	SENIORS 2023	375	1,037	(908)	504
938	SENIORS 2024	3,206	100	-	3,306
939	AUTISM	2,026	1,445	(1,157)	2,315
940	SUMMER SCHOOL	860	(860)	-	-
941	RUNNING CLUB	314	160	-	474
942	DISTRICT TESTING	225	-	(225)	-
943	TECHNOLOGY	1,183	1,423	(546)	2,060
944	TECHNOLOGY STUDENT ASSOC	133	-	-	133
945	TEXTBOOKS	-	610	(610)	-
946	VOCAL MUSIC	17,508	53,068	(53,077)	17,499
947	TECH-NOW	1,484	364	(513)	1,335
948	WAT	110	-	-	110
949	PARTNER'S CLUB	5	120	-	125
950	STUDENT SERVICES	128	-	-	128
951	YEARBOOK	37,929	58,554	(49,385)	47,098
952	PARENT INVOLVEMENT	173	-	(20)	153
953	ACCELERATED READING	95	-	-	95
954	WEIGHTROOM LIFTATHON	2,902	9,584	(10,167)	2,319
955	PHOTOGRAPHY	115	-	-	115
958	AWARDS (STUDENT/STAFF)	-	350	-	350
959	CHESS CLUB	180	705	(691)	193
960	COMMISSION	129,398	43,627	(70,340)	102,685
961	FRIENDS IN NEED	9,954	1,626	(680)	10,901
962	LPS CHRISTMAS CHEER	3,912	3,249	(1,517)	5,644
963	SCRAPBOOKING	800	-	-	800
964	INTERACT ROTARY CLUB	14	-	-	14
969	LAWTON JROTC DRILL MEET	83	2,725	-	2,808
970	X-TENDED TIME	33,644	40,175	(45,324)	28,495
971	X-TENDED TIME BOARD	37	219,107	(219,143)	-
973	TEEN COUNCIL	82	-	-	82
974	ARCHERY	833	500	(48)	1,285
975	HOLDING ACCOUNT	1,179	601	(961)	819
976	OKLAHOMA DECATHLON	335	-	-	335
977	SPEECH PATHALOGY	1,256	65	(542)	779
978	MEDIA CLUB	-	4,017	-	4,017
979	GAY STRAIGHT ALLIANCE	8,994	3,274	(5,508)	6,759
981	HOMELESS EDUCATION	311	-	-	311
983	YOUTH IN GOVERNMENT	90,823	34,285	(16,340)	108,768
984	DESIGNATED CONTRIBUTIONS	151	95	(135)	110
985	STAGE PRODUCTION	3	-	-	3
986	FACULTY IN-SERVICE	277	-	-	277
987	TITLE I SUMMER KINDERGARTEN AC	527	-	-	527
988	VISION IMPAIRED	734	360	(198)	896
989	AP ECONOMICS	23,302	9,836	(9,003)	24,135
990	SPECIAL OLYMPICS	1,131	-	-	1,131
991	MEDIA PRODUCTIONS	293	-	-	293
993	LEADERSHIP	2,284	136,472	(136,277)	2,480
994	LPS FOUNDATION GRANTS	4,971	9,456	(7,848)	6,579
995	FACULTY FUND	1,549	1,203	(2,400)	352
997	IPAD REPAIR/REPLACE	29,164	12,745	(23,389)	18,520
998	LAWTON COMMUNITY SERVICES	27	-	-	27
		1,928,150	2,196,483	(2,181,950)	1,942,680

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2019	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2020
<i>U.S. Dept. of Education</i>						
Direct Program						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (49,742)	\$ 224,766	\$ 235,340	\$ (60,316)
Impact Aid	84.041	591/592	\$ -	\$ 5,035,804	\$ 5,035,804	\$ -
Passed Through the Bureau of Indian Education						
Johnson-O'Malley Program	15.130	563/564	\$ 23,156	\$ 123,536	\$ 42,857	\$ 103,835
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (69,663)	\$ 107,270	\$ 83,863	\$ (46,256)
<i>Passed Through State Department of Education:</i>						
Title I, Grants to Local Educational Agencies	84.010	511/512/515/786	\$ (514,229)	\$ 4,017,550	\$ 4,120,246	\$ (616,925)
		613/615/621				
Special Education - Grants to States	84.027	/625	\$ (1,084,794)	\$ 3,142,502	\$ 2,803,949	\$ (746,241)
Special Education - Preschool Grants	84.173	641/642	(9,290)	62,059	71,061	(18,292)
Special Education Cluster			\$ (1,094,084)	\$ 3,204,561	\$ 2,875,010	\$ (764,533)
Title II - Part A Supporting Effective Instruction State Grants	84.367	541/786	\$ (32,931)	\$ 316,286	\$ 372,229	\$ (88,874)
Title III, Part A - Limited English Proficiency	84.365	571/572/786	(4,559)	48,790	48,704	(4,473)
Title IV - 21st Century Community Learning Centers	84.424	552/786	(60,588)	187,752	149,179	(22,015)
Title X - Part C McKinney Homeless	84.196	596	(9,139)	44,481	47,403	(12,061)
Title I - Part D- Prevention and Intervention	84.013	531/532/786	-	11,570	17,525	(5,955)
Title IV- Part F- Oklahoma School Climate Transformation Project	84.184F	712	-	5,303	5,274	29
			\$ (74,286)	\$ 297,896	\$ 268,085	\$ (44,475)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2019	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2020
<i>Passed Through State Department of Career and Vocational Education:</i>						
Job Training Department of Rehabilitation Services	84.126	456	68,376	54,740	75,071	48,045
Total U.S. Department of Education			\$ (1,743,403)	\$ 13,382,409	\$ 13,108,505	\$ (1,469,499)
<i>U.S. Department of Agriculture</i>						
<i>Passed Through Oklahoma State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 3,533,666	\$ 3,533,666	\$ -
School Breakfast Program	10.553	764	-	1,706,636	1,706,636	-
Summer Food Service Program	10.559	766	10,104	273,191	384,566	(101,271)
Lunch Program - Commodities	10.555		-	473,487	330,259	143,228
Summer Food Service Program -Commodities	10.559		-	36,606	25,533	11,073
Child Nutrition Cluster			<u>\$ 10,104</u>	<u>\$ 6,023,586</u>	<u>\$ 5,980,660</u>	<u>\$ 53,030</u>
Equipment Assistant Grant	10.579	791	-	6,371	6,371	-
Child and Adult Care Food Program	10.558	769	-	54,556	54,556	-
Total U.S. Department of Agriculture			\$ 10,104	\$ 6,084,513	\$ 6,041,587	\$ 53,030
<i>U.S. Department of Defense</i>						
<i>Direct Program</i>						
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools-- Middle Schools	12.556	777	\$ (5,672)	\$ 411,513	\$ 515,306	\$ (109,465)
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools-- Elementary Schools	12.556	775	\$ (5,670)	\$ 137,795	\$ 143,656	\$ (11,531)
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools-- High Schools	12.556	779	\$ (4,343)	\$ 498,604	\$ 554,081	\$ (59,820)
Invitational Grants for Military-Connected Schools-Special Education	12.557	778	\$ -	\$ -	\$ -	\$ -
Total U.S. Dept. of Defense			\$ (15,685)	\$ 1,047,912	\$ 1,213,043	\$ (180,816)
Total Expenditures of Federal Awards			\$ (1,748,984)	\$ 20,514,834	\$ 20,363,135	\$ (1,597,285)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lawton Independent School District No. 8, Comanche County, Oklahoma under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lawton Independent School District No.8, Comanche County, OK, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Lawton Independent School District No. 8, Comanche County, OK.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

Note C: Indirect Cost Rate

Lawton Independent School District No. 8, Comanche County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Lawton Independent School District No. 8, Comanche County, Oklahoma did not have any awards that have been passed through to subrecipients.

OTHER INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Actual Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 13,749,120	\$ 13,749,120	\$ 15,488,435	\$ 1,739,315
Interest	636,395	636,395	350,177	(286,218)
County Revenue	2,052,578	2,052,578	2,308,442	255,864
State Revenue	79,534,943	79,534,943	80,684,434	1,149,491
Federal Revenue	19,382,834	19,382,834	20,178,643	795,809
Other	<u>1,574,822</u>	<u>1,574,822</u>	<u>1,987,372</u>	<u>412,550</u>
Total Revenue	<u>\$ 116,930,692</u>	<u>\$ 116,930,692</u>	<u>\$ 120,997,503</u>	<u>\$ 4,066,811</u>
EXPENDITURES				
Current				
Instruction	\$ 66,150,000	\$ 66,150,000	\$ 66,119,725	\$ 30,275
Support Services	49,165,000	49,165,000	49,115,545	49,455
Non-instruction Services	8,032,000	8,032,000	8,030,777	1,223
Other Outlays	<u>8,144,838</u>	<u>8,144,838</u>	<u>144,789</u>	<u>8,000,049</u>
Total Expenditures	<u>\$ 131,533,838</u>	<u>\$ 131,533,838</u>	<u>\$ 123,452,735</u>	<u>\$ 8,081,103</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (14,603,146)</u>	<u>\$ (14,603,146)</u>	<u>\$ (2,455,232)</u>	<u>\$ 12,147,914</u>
Other Financing Sources				
Transfers In	\$ -	\$ -	263,208	263,208
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>263,208</u>	<u>263,208</u>
Net Change in Fund Balance	(14,603,146)	(14,603,146)	(2,192,024)	12,411,122
Fund Balance - Beginning	<u>14,603,146</u>	<u>14,603,146</u>	<u>14,536,283</u>	<u>(66,863)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,344,259</u>	<u>\$ 12,344,259</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Budgetary Comparison Schedule –Building (Unaudited)
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 1,966,745	\$ 1,966,745	\$ 2,679,187	\$ 712,442
Federal Revenue	-	-	-	-
Total Revenue	<u>\$ 2,094,245</u>	<u>\$ 2,094,245</u>	<u>\$ 2,679,187</u>	<u>\$ 584,942</u>
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	2,520,000	2,520,000	2,512,480	7,520
Non-instruction Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 2,520,000</u>	<u>\$ 2,520,000</u>	<u>\$ 2,512,480</u>	<u>\$ 7,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(425,755)	(425,755)	166,707	592,462
Fund Balance - Beginning	<u>646,227</u>	<u>646,227</u>	<u>639,440</u>	<u>(6,787)</u>
Fund Balance - Ending	<u>\$ 220,472</u>	<u>\$ 220,472</u>	<u>\$ 806,147</u>	<u>\$ 585,675</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Statutory Fidelity and Honesty Bonds (unaudited)
 For the Year Ended June 30, 2020

<u>Bonding Company</u>	<u>Position Bond Type</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Dates</u>
Western Surety	Superintendent	72166428	\$100,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Treasurer	32S108651	\$78,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Assistant Treasurer	32S108651	\$75,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Custodian of Activity Fund	32S108651	\$10,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Asst. Custodian of Activity Fund	32S108651	\$1,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Clerk	32S108651	\$1,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Deputy Clerk	32S108651	\$1,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Minutes Clerk	32S108651	\$1,000	6/30/2019-6/30/2020
Ohio Casualty Insurance	Encumbrance Clerk	32S108651	\$1,000	6/30/2019-6/30/2020



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, 2020, 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 December 4, 2020.

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.

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 may exist that have not been identified. 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. 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.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
December 4, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVERCOMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

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 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, 2020. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each of the Other Major Federal Programs

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, 2020.

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 Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
December 4, 2020

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I Summary of Auditor's Results

Financial Statements:

Type of audit report:	Unmodified Regulatory Basis	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant Deficiency(ies) identified ?	_____ Yes	___X___ None Reported
Noncompliance material to financial statement	_____ Yes	___X___ No

Federal Awards:

Internal control over major program:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant Deficiency(ies) identified ?	_____ Yes	___X___ None Reported

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)?	_____ Yes	___X___ No
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.367	Supporting Effective Instruction State Grants
84.041	Impact Aid
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
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Auditee qualified as a low-risk auditee?	_____ Yes	___X___ No
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Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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, 2020

Section II – Financial Statement Findings

2019-001 Financial reporting

Condition: District accounting software was not properly maintained or reconciled to the monthly bank statements and Oklahoma Cost Accounting System (OCAS) data was not corrected and submitted in a timely manner, as required by the Oklahoma Department of Education.

Recommendation: The auditor recommended that the District stress the importance of timely and accurate accounting information for all transactions, and that proper internal controls be established and followed.

Status: Condition has been resolved.

Section III – Federal Award Findings and Questioned Costs

None

Joy Hofmeister
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Lawton Independent School District No. 8 for the audit year 2019-2020.

MARY E. JOHNSON & ASSOCIATES, PLLC

Mary E. Johnson

BY: _____
Authorized Agent

Subscribed and sworn to before me on this 7th day of, December, 2020.

Jillian Luker

Notary Public

Commission Number: _____

My commission expires on: _____, 20__.

