

Lawton Independent School District No. 8
Comanche County, Oklahoma

Financial Statements
Year-End June 30, 2021

Lawton Independent School District No. 8
Comanche County, Oklahoma
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June 30, 2021

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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, 2021, 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 determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

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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, 2021, 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, 2021, 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 February 9, 2022, 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
February 9, 2022

Lawton Independent School District No. I-8
Comanche County, Oklahoma
Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2021

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, 2021. 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 2020 and 2021 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 2021.

Financial Highlights

- ❖ *Fiscal Year 2021 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2020 and Fiscal Year 2021 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>
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
FY2021	\$12,344,258	\$135,872,419	\$129,984,595	\$18,209,551

- ❖ *The 2021 school year was the eighth 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 2021 school year was 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.*

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<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2018	\$431,291,108.00	0.6%
2019	\$430,288,210.00	-0.2%
2020	\$427,536,896.00	-0.6%
2021	\$435,671,145.00	1.9%

Overview of the Financial Statements

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

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

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

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

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

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

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inflows and outflows of expendable resources, as well as on balances of spending and 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 eight 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), building fund (21), one municipal tax funds (26), three bond funds (31, 32, 33), and one lease revenue (34), all of which are considered to be major funds. Data from four other funds are combined into a single, aggregated presentation which includes the student activity (60) and the three trust funds endowment (50), gifts (81), and workers comp (83).

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 19-23 & 41-42 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 19-23 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 24-39 of this report.*

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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. Required supplementary information can be found on pages 40-48 of this report. Other supplementary information can be found on the table of contents.

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 2021, the District's assets exceeded liabilities by \$135,589,916. An increase of \$9,575,087 due in part to revenues created by ESSR funds.

Lawton Independent School District No. 8

Comanche County

Comparative Statement of Net Position

FY 20 vs. FY 21

Governmental Activities

	FY 2020	FY 2021	Difference	% Change
Assets				
Current assets	\$ 65,157,293	\$ 66,519,674	\$ 1,362,381	2%
Capital and other assets	\$ 152,783,297	\$ 162,060,166	\$ 9,276,869	6%
Total assets	\$ 217,940,590	\$ 228,579,840	\$ 10,639,250	5%
Liabilities				
Current liabilities	\$ 18,037,358	\$ 18,422,684	\$ 385,326	2%
Long-term liabilities	\$ 73,888,402	\$ 74,567,240	\$ 678,838	1%
Total liabilities	\$ 91,925,760	\$ 92,989,924	\$ 1,064,164	1%
Net Position				
Net Investment in capital assets	\$ 105,524,627	\$ 105,431,402	\$ (93,225)	0%
Restricted	\$ 9,570,045	\$ 13,387,370	\$ 3,817,325	40%
Unrestricted	\$ 10,920,158	\$ 16,771,144	\$ 5,850,986	54%
Total Net Position	\$ 126,014,830	\$ 135,589,916	\$ 9,575,087	8%

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.

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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, \$18,209,552 may be used to meet the District's ongoing obligations to citizens and creditors.

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 20 vs. FY 21

Governmental Activities

	FY 2020	FY 2021	Difference	% Change
Revenues:				
Program Revenues				
Charges for services	\$ 4,374,036	\$ 3,201,266	\$ (1,172,770)	-37%
Operating Grants/Contributions	\$ 17,643,368	\$ 38,043,042	\$ 20,399,674	54%
Capital Grants/Contributions	\$ 15,073	\$ 32,102	\$ 17,029	53%
General Revenues	\$ -			
Property Taxes	\$ 25,743,760	\$ 26,969,905	\$ 1,226,145	5%
State Formula Aid	\$ 70,968,267	\$ 65,425,536	\$ (5,542,731)	-8%
Federal Formula Aid	\$ 5,035,804	\$ 4,997,530	\$ (38,274)	-1%
General Taxes	\$ 11,870,856	\$ 9,931,635	\$ (1,939,221)	-20%
Other	\$ 1,097,952	\$ 233,831	\$ (864,121)	-370%
Total Revenue	<u>\$ 136,749,116</u>	<u>\$ 148,834,847</u>	<u>\$ 12,085,731</u>	8%
Expenditures:				
Instruction	\$ 66,019,771	\$ 64,823,347	\$ (1,196,424)	-2%
Support Services	\$ 53,721,898	\$ 54,641,843	\$ 919,945	2%
Non-instruction services	\$ 13,074,727	\$ 11,509,070	\$ (1,565,657)	-14%
Other	<u>\$ 7,718,005</u>	<u>\$ 8,285,500</u>	<u>\$ 567,495</u>	7%
Total Expenditures	<u>\$ 140,534,401</u>	<u>\$ 139,259,760</u>	<u>\$ (1,274,641)</u>	-1%
Change in Net Position	\$ (3,785,285)	\$ 9,575,087	\$ 13,360,372	139%
Net Position - Beginning	<u>\$ 129,800,115</u>	<u>\$ 126,014,829</u>	<u>\$ (3,785,286)</u>	-3%
Net Position - Ending	<u><u>\$ 126,014,830</u></u>	<u><u>\$ 135,589,816</u></u>	<u><u>\$ 9,574,986</u></u>	7%

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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. As of June 30, 2021, the general fund cash fund balance was \$18,209,552 with \$18,047,691 unassigned and \$161,861 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 FY20 to FY21.

Lawton Independent School District No. 8
Comanche County
Comparison of Total Costs
FY 20 vs. FY 21

	FY 2020	FY 2021	Change	% Change
Instruction	\$68,527,009	\$70,648,767	\$2,121,558	3.10%
Support services	\$54,967,513	\$61,731,385	\$6,763,872	12.31%
Non-instructional services	\$8,657,811	\$8,671,111	\$13,300	0.15%
Capital outlay	\$26,906,582	\$10,290,013	(\$16,616,569)	-61.76%
Debit Service	\$6,796,455	\$6,415,913	(\$380,542)	-5.60%
Other outlays	\$147,079	\$59,184	(\$87,895)	-59.76%
Total cost of services	\$166,002,649	\$157,816,373	(\$8,186,276)	-4.93%

There was an increase in Instruction of \$2,121,558 and in Support services of \$6,763,872. These increases enabled the district to be One-to-One student-to-device, provide Hands-Free water fountains for filtered drinking water and improved safety, and to convert to LED lighting which improves infrastructure and provides long-term savings. Capital outlay showed a decrease of \$16,616,569 due to the completion of the construction of Eisenhower Middle School.

Capital Assets and Debt Administration

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

The capital assets (less land and construction in progress) increased by \$5,132,563 before depreciation and a net increase of \$2,608,708, after depreciation. The overall capital assets increased by \$9,276,869 (including land and construction in progress) with the largest increases showing in the area of Site Improvements and Vehicles.

***Lawton Independent School District No. I-8
Comanche County, Oklahoma
Management's Discussion and Analysis (unaudited)
For the Fiscal Year Ending June 30, 2021***

***Lawton Independent School District No. 8
Comanche County
Comparison of Capital Assets, Net of Depreciation
FY 20 vs. FY 21***

	<i>FY 2020</i>	<i>FY 2021</i>	<i>Increase/ Decrease</i>
Capital Assets (not depreciated)			
Land	\$ 2,946,395.00	\$ 2,929,667.00	\$ (16,728.00)
Construction in Progress	\$ 33,385,242.00	\$ 40,070,131.00	\$ 6,684,889.00
Total Capital Assets (not depreciated)	\$ 36,331,637.00	\$ 42,999,798.00	\$ 6,668,161.00
Capital Assets (depreciated)			
Buildings	\$ 115,078,331.00	\$ 111,897,107.00	\$ (3,181,224.00)
Improvements	\$ 46,509,455.00	\$ 49,066,271.00	\$ 2,556,816.00
Furniture and Equipment	\$ 14,564,806.00	\$ 14,784,643.00	\$ 219,837.00
Musical Instruments	\$ 7,423,930.00	\$ 9,648,523.00	\$ 2,224,593.00
Computers	\$ 1,717,765.00	\$ 1,715,094.00	\$ (2,671.00)
Vehicles	\$ 14,168,473.00	\$ 17,483,685.00	\$ 3,315,212.00
Total Capital Assets (depreciated)	\$ 199,462,760.00	\$ 204,595,323.00	\$ 5,132,563.00
Accumulated Depreciation	\$ (83,011,100.00)	\$ (85,534,955.00)	\$ (2,523,855.00)
Total Net Capital Assets (depreciated)	\$ 116,451,660.00	\$ 119,060,368.00	\$ 2,608,708.00
<i>Net Government Activity</i>			
<i>- Capital Assets</i>	<i>\$ 152,783,297.00</i>	<i>\$ 162,060,166.00</i>	<i>\$ 9,276,869.00</i>

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

Debt. *At the close of FY2021 the District's Bonds Payable increased by net \$4,140,000, the accrued compensated absences decreased by \$101,162, and the Lease Revenue Bond (Eisenhower Middle School and Safe Rooms) debt decreased by \$3,350,000.*

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Lawton Independent School District No. 8
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Comparison of Long-Term Liabilities
FY 20 vs. FY 21

	FY 2020	FY 2021	Increase/ Decrease	% Change
Bonds Payable	\$26,940,000	\$31,070,000	\$4,130,000	15%
Accrued compensated absences	\$1,578,402	\$1,477,240	\$-101,162	-6%
Lease Revenue Bond	\$45,370,000	\$42,020,000	-\$3,350,000	-7%
Judgements	\$22,531	\$975,000	\$952,469	4227%
Total long-term liabilities	\$73,910,933	\$75,542,240	\$1,631,307	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 increase during FY21. The beginning balance on July 1, 2020 was \$12,344,259 and the ending balance on June 30, 2021 was \$18,209,552 for a total increase in the revenue shortfall fund of \$5,865,293.

Current & Future Issues

The General Fund – 11 projected FY22 budget forecasts total revenue of \$152,342,608 to be up by \$16,699,805 compared to the 2020-21 actual collected revenue of \$135,642,803. A number of revenue sources are expected to increase with the State Aid Factor increasing, student enrollment increases, and ESSR/ARP funds.

The projected State Allocations are up due to the increase in factors and an aggregate increase in student enrollment over the last two years. As always, 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 FY22 fiscal year are set at \$152,342,608 with salaries projected at \$86,334,913, benefits at \$25,743,358; totaling \$112,078,271 (73.6 % of the budget), and \$40,264,337 for non-salary instructional/operational expends.

The FY22 Building Levy – 21 budget is set at \$4,386,930. The carryover balances in the Building Levy as of July 1, 2018, July 1, 2019, July 1, 2020, and July 1, 2021 were \$2,002,368, \$639,440, \$806,148, and \$2,136,430 respectively. The fund would have been zero at the end of FY20 without important cost saving measures (i.e. termination of SODEXO Maintenance contract).

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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) was closed out in FY21.

The FY22 Municipal Tax Fund -26 (2015) budget of \$1,144,198 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, 2021

	Governmental Activities
ASSETS	
Cash	\$ 60,851,986
Restricted Cash	4,747,989
Investments	696,476
Inventories	223,223
Capital Assets:	
Nondepreciated Capital Assets	42,999,798
Depreciated Capital Assets, Net of Depreciation	119,060,368
	<hr/>
Total Assets	\$ 228,579,840
	<hr/>
LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Outstanding	\$ 18,422,684
Long -Term Liabilities	
Due within One Year	12,416,603
Due in More than One Year	62,150,637
	<hr/>
Total Liabilities	\$ 92,989,924
	<hr/>
Net Position	
Net Investment in Capital Assets	\$ 105,431,402
Restricted for	
Building Services	\$ 2,136,430
Debt Service	9,137,229
Other	18,774
Scholarships	2,500
School Organizations	2,092,437
Unrestricted	16,771,144
	<hr/>
Total Net Position	\$ 135,589,916
	<hr/>

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, 2021

<i>Functions/Programs</i>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government					
Governmental Activities					
Instruction	\$ 64,823,347	\$ 197,073	\$ 29,821,858	\$ -	\$ (34,804,416)
Support Services	54,641,843	1,416,571	398,922	-	(52,826,350)
Operation of Noninstructional Services	11,509,070	1,587,622	7,822,262	32,102	(2,067,084)
Interest on long-term debt	569,185	-	-	-	(569,185)
Depreciation - unallocated	7,716,315	-	-	-	(7,716,315)
Total Governmental Activities	<u>\$ 139,259,760</u>	<u>\$ 3,201,266</u>	<u>\$ 38,043,042</u>	<u>\$ 32,102</u>	<u>\$ (97,983,350)</u>
General Revenues					
Taxes					
Property taxes, levied for general purposes					16,116,313
Property taxes, levied for building purposes					2,304,267
Property taxes, levied for sinking fund purposes					8,549,325
General Taxes					9,931,635
State aid - formula grants					65,425,536
Federal aid - formula grants					4,997,530
Investment Earnings					233,831
Total General Revenues					<u>\$ 107,558,437</u>
Change in Net Position					<u>\$ 9,575,087</u>
Net Position - Beginning					126,014,829
Net Position - Ending					<u>\$ 135,589,916</u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2021

	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	\$ 35,825,367	\$ 7,995,932	\$ -	\$ -	\$ 9,114,698	\$ 5,253,273	\$ 58,189,270
Restricted Cash	-	-	7,390,938	994	-	-	7,391,932
Pooled Cash and Investments	362,112	-	-	-	-	334,364	696,476
Investment in Judgment	-	-	-	-	-	-	-
Inventories - Supplies, materials	161,861	-	-	-	-	-	161,861
Total Assets	<u>\$ 36,349,340</u>	<u>\$ 7,995,932</u>	<u>\$ 7,390,938</u>	<u>\$ 994</u>	<u>\$ 9,114,698</u>	<u>\$ 5,587,637</u>	<u>\$ 66,439,539</u>
Liabilities							
Warrants Outstanding	\$ 18,139,788	\$ 24,621	46,204	\$ -	\$ -	\$ 212,072	\$ 18,422,685
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>\$ 18,139,788</u>	<u>\$ 24,621</u>	<u>\$ 46,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,072</u>	<u>\$ 18,422,685</u>
Fund Balances							
Nonspendable	\$ 161,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,861
Restricted	-	7,971,311	7,344,734	994	9,114,698	3,283,128	27,714,865
Committed	-	-	-	-	-	2,092,437	2,092,437
Assigned	-	-	-	-	-	-	-
Unassigned	18,047,691	-	-	-	-	-	18,047,691
Total Fund Balances	<u>\$ 18,209,552</u>	<u>\$ 7,971,311</u>	<u>\$ 7,344,734</u>	<u>\$ 994</u>	<u>\$ 9,114,698</u>	<u>\$ 5,375,565</u>	<u>\$ 48,016,854</u>
Total Liabilities and Fund Balances	<u>\$ 36,349,340</u>	<u>\$ 7,995,932</u>	<u>\$ 7,390,938</u>	<u>\$ 994</u>	<u>\$ 9,114,698</u>	<u>\$ 5,587,637</u>	

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 \$247,595,121 and the accumulated depreciation is \$85,534,955

162,060,166

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

61,362

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

18,774

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	31,070,000	
Lease Purchase	42,020,000	
Compensated Absences	1,477,240	(74,567,240)

Net assets of governmental activities.

\$ 135,589,916

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, 2021

	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	\$ 16,116,314	\$ -	\$ -	\$ -	\$ 8,552,966	\$ 2,305,237	\$ 26,974,517
Interest	35,515	-	950	1	-	15,609	52,075
County Revenue	2,670,671	-	-	-	-	-	2,670,671
State Revenue	74,338,160	-	-	-	-	-	74,338,160
Federal Revenue	40,575,076	-	-	-	-	-	40,575,076
Other	<u>1,775,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,500</u>	<u>2,167,672</u>	<u>4,139,756</u>
Total Revenue	<u>\$ 135,511,320</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 1</u>	<u>\$ 8,749,466</u>	<u>\$ 4,488,518</u>	<u>\$ 148,750,255</u>
EXPENDITURES							
Current							
Instruction	\$ 69,267,102	\$ -	\$ 1,145,889	\$ -	\$ -	\$ 235,776	\$ 70,648,767
Support Services	52,308,701	2,326,285	1,196,172	-	-	5,900,227	61,731,385
Non-instruction Services	8,292,429	-	-	-	-	378,682	8,671,111
Capital Outlay	102,980	31,263	4,855,682	4,819,007	-	481,081	10,290,013
Other Outlays	35,912	-	-	-	23,272	-	59,184
Debt Service							
Interest Paid	-	-	-	-	545,913	-	545,913
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,870,000</u>	<u>-</u>	<u>5,870,000</u>
Total Expenditures	<u>\$ 130,007,124</u>	<u>\$ 2,357,548</u>	<u>\$ 7,197,743</u>	<u>\$ 4,819,007</u>	<u>\$ 6,439,185</u>	<u>\$ 6,995,766</u>	<u>\$ 157,816,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 5,504,196	(2,357,548)	(7,196,793)	\$ (4,819,006)	\$ 2,310,281	\$ (2,507,248)	\$ (9,066,118)
Other Financing Sources							
Transfers	229,616	-	-	-	(2,158)	(227,458)	-
Proceeds of Bonds and Leases	-	3,140,000	2,040,000	4,820,000	-	-	10,000,000
Sale of Capital Assets	<u>131,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,483</u>
Total Other Financing Sources	<u>\$ 361,099</u>	<u>3,140,000</u>	<u>2,040,000</u>	<u>4,820,000</u>	<u>(2,158)</u>	<u>(227,458)</u>	<u>10,131,483</u>
Net Change in Fund Balances	\$ 5,865,295	782,452	(5,156,793)	994	2,308,123	(2,734,706)	1,065,365
Fund Balances - Beginning	<u>12,344,257</u>	<u>7,188,859</u>	<u>12,501,527</u>	<u>-</u>	<u>6,806,575</u>	<u>8,110,271</u>	<u>46,951,489</u>
Fund Balances - Ending	<u>\$ 18,209,552</u>	<u>\$ 7,971,311</u>	<u>\$ 7,344,734</u>	<u>\$ 994</u>	<u>\$ 9,114,698</u>	<u>\$ 5,375,565</u>	<u>\$ 48,016,854</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, 2021

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

Net change in fund balances - total governmental funds			\$ 1,065,365
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	Capital Outlay, net Depreciation Expense	\$ 17,506,293 <u>(7,716,315)</u>	9,789,978
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			(513,110)
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.			101,163
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.			(10,000,000)
Repayment of debt is an expenditure in the governmental funds, but repayment of debt reduced long-term liabilities in the statement of net assets	Bonds payable Lease payable	\$ 5,870,000 <u>3,350,000</u>	9,220,000
The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the statement of net assets			(92,940)
Internal service funds are used to charge costs of workers' compensation to individual funds. The governmental funds included expenditures of \$20,000. The expenses of the governmental activities however reflects the actual costs incurred, \$15,369. The difference represents the undercharge by the internal service funds that is allocated back to governmental activities and transfers			<u>4,631</u>
Change in net assets position of governmental activities.			<u>\$ 9,575,087</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, 2021

	<u>Internal Service Funds</u>
	<u>Workers' Compensation</u>
ASSETS	
Cash and Cash Investments	\$ 18,774
Total Assets	<u>\$ 18,774</u>
 LIABILITIES	
Warrants Outstanding	<u>\$ -</u>
 NET POSITION	
Restricted	<u><u>\$ 18,774</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, 2021

	<u>Internal Service Funds</u>
	<u>Workers' Compensation</u>
Operating Revenues	
Charges to other funds	\$ 20,000
	<u>20,000</u>
Total Operating Revenues	\$ 20,000
	<u>20,000</u>
Operating Expenses	
Other Outlays	\$ 15,369
	<u>15,369</u>
Total Operating Expenses	\$ 15,369
	<u>15,369</u>
Change in net position	4,631
Net Position- Beginning	<u>14,143</u>
	<u>14,143</u>
Net Position- Ending	<u><u>\$ 18,774</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Cash Flows— Proprietary Funds – Regulatory Basis
For the Year Ended June 30, 2021

	Internal Service Funds Workers' Compensation
Cash Flows from Operating Activities	
Received from assessments made to other funds	\$ 20,000
Payments of claims	<u>(15,598)</u>
Net cash used by operating activities	<u>\$ 4,402</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers to other funds	<u>\$ -</u>
Net increase (decrease) in cash	\$ 4,402
Cash and cash equivalents, Beginning	<u>14,372</u>
Cash and cash equivalents, Ending	<u><u>\$ 18,774</u></u>
Cash Flows from Operating Activities	
Operating loss	\$ 4,631
Adjustments to reconcile operating loss to	
Net cash provided (used) by operating activities	
Warrants Outstanding	<u>(229)</u>
Net cash provided (used) by operating activities	<u><u>\$ 4,402</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Fiduciary Net Position – Regulatory Basis
June 30, 2021

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Cash Investments	\$ -
Pooled Cash and Investments	43,987
Investments	<u>158,126</u>
Total Assets	<u>\$ 202,113</u>
LIABILITIES	
Warrants Outstanding	<u>\$ 1,500</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 200,612</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Changes in Fiduciary Net Position – Regulatory Basis
For the Year Ended June 30, 2021

	<u>Private- Purpose Trust</u>
Additions:	
Interest	<u>\$ 18,718</u>
Total Additions	<u>\$ 18,718</u>
Deductions	
Scholarships Awarded	<u>\$ 7,500</u>
Total Deductions	<u>\$ 7,500</u>
Change In Net Position	\$ 11,218
Net Position- Beginning	<u>189,394</u>
Net Position- Ending	<u><u>\$ 200,612</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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 \$13,387,370 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, 2021, 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, 2021, 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	\$ 161,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,861
Restricted							
Debt Service	-	-	-	-	9,114,698	-	9,114,698
School Construction and Fixed Assets	-	7,971,311	7,344,734	994	-	1,144,198	16,461,237
Building Operation and Maintenance	-	-	-	-	-	2,136,430	2,136,430
Scholarships	-	-	-	-	-	2,500	2,500
Committed							
School Organizations	-	-	-	-	-	2,092,437	2,092,437
Assigned							
School Construction and Fixed Assets		-	-	-		-	-
Unassigned	18,047,691	-	-	-	-	-	18,047,691
	<u>\$ 18,209,552</u>	<u>\$7,971,311</u>	<u>\$ 7,344,734</u>	<u>\$ 994</u>	<u>\$ 9,114,698</u>	<u>\$ 5,375,565</u>	<u>\$ 48,016,854</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, 2021, the bank balance of deposits and cash pools was \$60,874,517. 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, 2021, 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, 2021. 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, 2021 are \$740,463 which are shown on the statement of net position as unrestricted \$696,476 and on the statement of fiduciary net position at \$43,987.

The District holds the following investments in the endowment fund:

<u>Type of Investment</u>	<u>Cost</u>	<u>Fair Value</u>	Investment Maturities (in Years)			
			Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Money-Market Mutual Funds	\$ 149,759	\$ 149,759	\$ 149,759	\$ -	\$ -	\$ -
Fixed Income	8,367	8,367	8,367	-	-	-
	<u>\$ 158,126</u>	<u>\$ 158,126</u>	<u>\$ 158,126</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 \$740,463 have Standard & Poor's ratings of 16.80 percent AA+, 5.71 percent AAAM, and 77.49 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

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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 (Direct Placement)	\$ 26,940,000	\$ 10,000,000	\$ 5,870,000	\$ 31,070,000	\$ 7,880,000
CCPFA Lease Purchase (Direct Borrowing)	45,370,000	-	3,350,000	42,020,000	4,400,000
Compensated absences	1,578,403	683,014	784,177	1,477,240	136,603
	<u>\$ 73,888,403</u>	<u>\$ 10,683,014</u>	<u>\$ 10,004,177</u>	<u>\$ 74,567,240</u>	<u>\$ 12,416,603</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, 2021, 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
9,000,000	Combined Purpose	3/1/2021	2,500,000	Variable	3/1/2026
1,000,000	Building Bonds	3/1/2021	1,000,000	Variable	3/1/2023

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The annual requirements to amortize all bond debt outstanding as of June 30, 2021 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 7,880,000	\$ 507,913	\$ 8,387,913
2023	8,095,000	359,800	8,454,800
2024	8,095,000	226,900	8,321,900
2025	4,500,000	90,000	4,590,000
2026	2,500,000	25,000	2,525,000
	<u>\$ 31,070,000</u>	<u>\$ 1,209,613</u>	<u>\$32,279,613</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, 2021 is \$42,753,690.

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
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
2026	5,310,120	(600,120)	4,710,000
Thereafter	15,106,649	(616,649)	14,490,000
	<u>\$ 47,373,251</u>	<u>\$ (5,353,251)</u>	<u>\$ 42,020,000</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 started 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, 2021, \$31,070,000 general obligations were outstanding and \$74,465,000 of general obligations bonds were authorized but not issued as of June 30, 2021. Current year had collected \$8,552,966 of pledged revenues and paid \$6,415,913 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, 2021, qualifying employee contributions were reduced by a retirement credit of \$694,754 provided by Enrolled House Bill 1873

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and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2021, the District had a statutory contribution rate of 9.5% plus 7.70% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature.

The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2021 were \$6,630,250 equal to the required contributions for the 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. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 5; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program.

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/>.

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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 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. As of June 30, 2021 the District has a judgment payable of \$975,000 that will be paid over three years.

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 \$2,456,647 financed with Bond Fund 32, \$1,889,686 to be financed with Bond Fund 33 and \$938,978 to be financed from other governmental funds sales tax fund 26.

Subsequent to year end the District has entered into remodel/construction projects of approximately \$5 million to be financed with general fund and bond funds.

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.

Transfer From	Transfer to	Amount	Nature of Transfer
Activity Fund	General Fund	227,458	Operating transfer
Sinking Fund	General Fund	2,158	Payment of prepaid judgment
		<u>229,616</u>	

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Note 10 – Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 2,946,395	\$ 32,036	\$ 48,764	\$ 2,929,667
Construction in progress	33,385,242	40,070,130	33,385,241	40,070,131
Total capital assets, not being depreciated	<u>\$ 36,331,637</u>	<u>\$ 40,102,166</u>	<u>\$ 33,434,005</u>	<u>\$ 42,999,798</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 46,509,455	\$ 3,500,646	\$ 943,830	\$ 49,066,271
Buildings	115,078,331	-	3,181,224	111,897,107
Buses and Vehicles	14,564,806	861,803	641,966	14,784,643
Furniture and Equipment	7,423,930	2,505,221	280,628	9,648,523
Musical Instruments	1,717,765	7,769	10,440	1,715,094
Computers	14,168,473	3,913,929	598,717	17,483,685
Total capital assets, being depreciated	<u>\$ 199,462,760</u>	<u>\$ 10,789,368</u>	<u>\$ 5,656,805</u>	<u>\$ 204,595,323</u>
Less Accumulated Depreciation	<u>83,011,100</u>	<u>7,716,315</u>	<u>5,192,460</u>	<u>85,534,955</u>
Total capital assets, being depreciated, net	<u>\$ 116,451,660</u>	<u>\$ 3,073,053</u>	<u>\$ 464,345</u>	<u>\$ 119,060,368</u>
Governmental activities capital assets, net	<u>152,783,297</u>	<u>43,175,219</u>	<u>33,898,350</u>	<u>162,060,166</u>
Total Primary Government	<u>\$ 152,783,297</u>	<u>\$ 43,175,219</u>	<u>\$ 33,898,350</u>	<u>\$ 162,060,166</u>

Note 11 - Inventories

Inventory consists of the following at June 30, 2021:

	Balance Sheet Governmental Funds - Regulatory Basis	Statement of Net Position - Regulatory Basis
Fuel:	19,439	19,439
Supplies:	142,422	142,422
USDA Food Commodities:	-	61,362
Total Inventories:	<u>\$ 161,861</u>	<u>\$ 223,223</u>

Note 12 – 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

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\$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 13 – 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, 2021, abated property taxes were approximately \$2.6 million.

Note 14 – Subsequent Event

December 2021, the District had removed the investments with OLAP which had the following balances reported as June 30, 2021, \$696,476 in governmental activities on the Statement of Net Position-Regulatory Basis and \$158,126 in the private purpose trust on the Statement of Fiduciary Net Position-Regulatory Basis and deposited the funds into the local bank account.

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

OTHER SUPPLEMENTARY INFORMATION

Lawton Independent School District No. 8
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Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2021

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Gifts Fund	Municipal Tax Fund 25	Total
Assets							
Cash and Cash Investments	\$ 2,156,005	\$ 1,258,788	\$ -	\$ 1,758,073	\$ 17,500	\$ 62,907	\$ 5,253,273
Pooled Cash and Investments	-	-	-	334,364	-	-	334,364
Due from Other Funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,156,005</u>	<u>\$ 1,258,788</u>	<u>\$ -</u>	<u>\$ 2,092,437</u>	<u>\$ 17,500</u>	<u>\$ 62,907</u>	<u>\$ 5,587,637</u>
Liabilities							
Warrants Outstanding	\$ 19,575	\$ 114,590	\$ -	\$ -	\$ 15,000	\$ 62,907	\$ 212,072
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>\$ 19,575</u>	<u>\$ 114,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 62,907</u>	<u>\$ 212,072</u>
Fund Balances							
Restricted	\$ 2,136,430	\$ 1,144,198	\$ -	\$ -	\$ 2,500	\$ -	\$ 3,283,128
Committed	-	-	-	2,092,437	-	-	2,092,437
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>2,136,430</u>	<u>1,144,198</u>	<u>-</u>	<u>2,092,437</u>	<u>2,500</u>	<u>-</u>	<u>5,375,565</u>
Total Liabilities and Fund Balances	<u>\$ 2,156,005</u>	<u>\$ 1,258,788</u>	<u>\$ -</u>	<u>\$ 2,092,437</u>	<u>\$ 17,500</u>	<u>\$ 62,907</u>	<u>\$ 5,587,637</u>

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Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2021

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Gifts Fund	Municipal Tax Fund 25	Total
REVENUE							
Property Taxes	\$ 2,305,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,305,237
Interest	13,943	-	-	1,666	-	-	15,609
State Revenue	-	-	-	-	-	-	-
Federal Revenue	-	-	-	-	-	-	-
Other	<u>291,110</u>	<u>-</u>	<u>-</u>	<u>1,856,562</u>	<u>20,000</u>	<u>-</u>	<u>2,167,672</u>
Total Revenue	<u>\$ 2,610,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,228</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 4,488,518</u>
EXPENDITURES							
Current							
Instruction	\$ -	\$ -	\$ -	\$ 235,776	\$ -	\$ -	\$ 235,776
Support Services	1,247,972	3,513,924	-	866,555	18,000	253,776	5,900,227
Non-instruction Services	-	-	-	378,682	-	-	378,682
Capital Outlay	32,036	449,045	-	-	-	-	481,081
Debt Service							
Judgments and Related Interest	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,280,008</u>	<u>\$ 3,962,969</u>	<u>\$ -</u>	<u>\$ 1,481,013</u>	<u>\$ 18,000</u>	<u>\$ 253,776</u>	<u>\$ 6,995,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,330,282	(3,962,969)	-	377,215	2,000	(253,776)	(2,507,248)
Other Financing Sources							
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,458)</u>	<u>-</u>	<u>-</u>	<u>(227,458)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,458)</u>	<u>-</u>	<u>-</u>	<u>(227,458)</u>
Net Change in Fund Balances	1,330,282	(3,962,969)	-	149,757	2,000	(253,776)	(2,734,706)
Fund Balances, Beginning	<u>806,148</u>	<u>5,107,167</u>	<u>-</u>	<u>1,942,680</u>	<u>500</u>	<u>253,776</u>	<u>8,110,271</u>
Fund Balances, Ending	<u>\$ 2,136,430</u>	<u>\$ 1,144,198</u>	<u>\$ -</u>	<u>\$ 2,092,437</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 5,375,565</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, 2021

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2021</u>
801	FOOTBALL EXTRAS	8,160	8,717	(10,427)	6,450
802	BOYS BASKETBALL EXTRAS	6,138	3,950	(5,667)	4,421
803	GIRLS BASKETBALL EXTRAS	6,462	4,404	(4,962)	5,904
805	BOYS BASEBALL EXTRAS	970	735	(145)	1,560
806	GIRLS SOFTBALL EXTRAS	3,049	140	(167)	3,023
807	WRESTLING EXTRAS	2,446	2,216	(3,434)	1,228
808	BOYS TENNIS EXTRAS	-	90	(86)	4
809	GIRLS TENNIS EXTRAS	100	90	(86)	104
811	BOYS TRACK EXTRAS	455	-	-	455
812	GIRLS TRACK EXTRAS	164	-	-	164
813	BOYS GOLF EXTRAS	570	-	(172)	399
814	BOYS CROSS COUNTRY EXTRAS	431	-	-	431
815	BOYS SOCCER EXTRAS	249	-	(249)	-
816	GIRLS VOLLEYBALL EXTRAS	1,950	-	(490)	1,460
817	TRAINERS EXTRAS	4,198	-	(185)	4,013
819	ALL SPORTS EXTRAS	17,266	17,031	(1,901)	32,395
820	GIRLS SOCCER EXTRAS	1,409	920	(777)	1,553
821	GIRLS GOLF EXTRAS	190	167	(175)	182
822	GIRLS CROSS COUNTRY EXTRA	36	-	(28)	8
830	DISTRICT ATHLETICS	186,773	(32,186)	(9,185)	145,402
831	DISTRICT CONCESSION	72,601	(26,251)	(37,813)	8,538
833	DISTRICT BASEMENT SUPPLY	-	-	-	-
836	DISTRICT SWIMMING	592	5,642	(4,792)	1,441
840	ATHLETICS (SITES)	214,943	354,904	(355,899)	213,948
850	GENERAL	253,252	141,489	(186,844)	207,898
851	ACADEMIC TEAM	5,333	4,713	(3,966)	6,080
852	AGRICULTURE	26,314	46,711	(50,340)	22,684
853	AP EXAM	15,000	186	(186)	15,000
854	ART	23,783	12,511	(15,141)	21,153
856	ASSISTANCE CLUB	7,195	26,640	(19,630)	14,205
857	ARTS IN EDUCATION	102	-	-	102
858	ACE	16,608	110	(5,079)	11,639
859	ADVANCE PLACEMENT	521	250	(238)	533
860	BAND	12,289	9,984	(10,517)	11,756
861	BUILDERS CLUB	5,649	489	-	6,138
862	BUSINESS	99	50	-	149
863	BOE REIMBURSEMENT	6,257	15,837	(14,929)	7,165
864	CAMPUS CRIME STOPPER	851	-	(135)	715
865	AMERICAN STUDIES CLUB	623	-	-	623
867	CHEERLEADERS	18,760	80,466	(57,547)	41,680
868	CHEMISTRY	1,945	-	(32)	1,912
869	CLOSE-UP	97	-	-	97
870	DISTRICT DEVICES	-	237,821	(15,762)	222,059
871	6TH GRADE TEAM	9,905	1,170	(5,752)	5,323
872	7TH GRADE TEAM	3,629	132	(570)	3,192
873	8TH GRADE TEAM	2,855	-	(1,121)	1,735

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2021

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2021</u>
875	CONCESSIONS	18,995	6,233	(14,161)	11,067
876	CHROMEBOOKS	14,202	-	(5,150)	9,052
878	COOKING CLUB	311	-	-	311
880	eSPORTS	201	70	(20)	251
881	CULTURAL AWARENESS	1,063	-	(250)	813
883	COUNSELORS	1,180	-	(138)	1,042
884	ANIME	28	-	-	28
885	DRAMA	4,867	1,814	(1,114)	5,567
886	LETTERMEN CLUB	9,243	-	(1,223)	8,019
887	COMPUTER CLASS	161	-	-	161
888	AFRICAN AMER. MULT.	4,746	353	-	5,099
889	FFA	855	2,940	(2,795)	1,000
890	FCA	2,474	1,309	(1,741)	2,042
891	FCCLA	2,683	1,349	(727)	3,306
892	FBLA	721	165	-	886
893	CHARACTER ED	208	-	-	208
894	FENCING CLUB	1,399	-	(220)	1,179
896	FISHING CLUB	350	-	-	350
898	FFA HORTICULTURE	5,003	4,131	(4,164)	4,970
901	GIFTED/TALENTED	1,758	211	(427)	1,542
902	DRILL TEAM	6,516	19,956	(14,349)	12,123
903	MENTORSHIP PROGRAM	16,319	3,035	(5,288)	14,066
904	NEWSPAPER	3,388	-	(2,333)	1,055
905	LIBRARY	104,921	77,128	(90,345)	91,704
906	KEY CLUB	9,792	12,213	(13,839)	8,165
907	MATHEMATICS	3,645	845	(1,717)	2,773
908	NHS	11,795	6,324	(5,064)	13,055
909	NHHS	10,669	416	(3,648)	7,436
910	MISC. EXPENSE	93,596	30,076	(35,486)	88,186
911	NATIVE AMERICAN CLUB	5,108	-	-	5,108
912	MILITARY CHILD CLUB	4,264	500	(524)	4,240
913	OPEN DOORS	69	-	-	69
914	ORCHESTRA	12,663	7,105	(6,728)	13,040
915	PHYSICS	176	-	-	176
916	PHYSICAL EDUCATION	6,931	-	(3,837)	3,094
917	ROBOTICS	3,889	3,459	(2,736)	4,612
918	PEP CLUB	2,264	956	(1,002)	2,218
919	PICTURES	56,752	20,382	(13,850)	63,284
920	JROTC	18,495	30,125	(20,120)	28,501
921	RENAISSANCE	8,382	6,000	(8,018)	6,365
922	RESOURCE CENTER	6,239	-	-	6,239
924	SCIENCE CLUB	16,330	105	(2,038)	14,397
925	ELECTIVES	4,629	-	-	4,629
926	LPS STROLLING STRING	1,224	-	-	1,224
927	SPANISH CLUB	3,637	229	(1,025)	2,841
928	SPEECH & DEBATE	465	44	(247)	262
929	SPECIAL EDUCATION	9,788	3,070	(2,109)	10,749
930	STOMP TEAM	-	1,000	-	1,000
931	STUDENT COUNCIL	48,634	56,679	(78,277)	27,036
932	HUMAN RESOURCES	16	-	-	16

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2021

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2021</u>
933	STUDENT STORE	9,528	3,452	(4,733)	8,247
934	SENIORS 2020	8,767	(4,119)	(3,826)	822
935	SENIORS 2021	1,456	13,384	(10,005)	4,834
936	SENIORS 2022	6,360	(3,048)	(466)	2,846
937	SENIORS 2023	504	1,406	(511)	1,399
938	SENIORS 2024	3,306	(908)	(525)	1,874
939	AUTISM	2,315	-	-	2,315
941	RUNNING CLUB	474	-	-	474
943	TECHNOLOGY	2,060	305	(325)	2,041
944	TECHNOLOGY STUDENT ASSOC	133	90	-	223
945	TEXTBOOKS	-	182	(182)	-
946	VOCAL MUSIC	17,499	22,333	(20,912)	18,919
947	TECH-NOW	1,335	811	(647)	1,499
948	WAT	110	-	-	110
949	PARTNERS CLUB	125	-	-	125
950	STUDENT SERVICES	128	-	-	128
951	YEARBOOK	47,098	68,443	(59,365)	56,176
952	PARENT INVOLVEMENT	153	-	-	153
953	ACCELERATED READING	95	-	-	95
954	WEIGHTROOM LIFTATHON	2,319	4,990	(4,988)	2,321
955	PHOTOGRAPHY	115	-	-	115
958	AWARDS (STUDENT/STAFF)	350	290	(625)	15
959	CHESS CLUB	193	-	-	193
960	COMMISSION	102,685	20,278	(49,137)	73,826
961	FRIENDS IN NEED	10,901	3,633	(1,928)	12,605
962	LPS CHRISTMAS CHEER	5,644	2,918	(1,939)	6,623
963	SCRAPBOOKING	800	-	-	800
964	INTERACT ROTARY CLUB	14	-	-	14
965	TRANSITION WAT STORE	-	585	(166)	419
969	LAWTON JROTC DRILL MEET	2,808	-	-	2,808
970	X-TENDED TIME	28,495	34,367	(31,611)	31,251
971	X-TENDED TIME BOARD	-	184,689	(184,689)	-
972	ASIA CLUB	-	321	-	321
973	TEEN COUNCIL	82	-	-	82
974	ARCHERY	1,285	300	-	1,585
975	HOLDING ACCOUNT	819	-	(468)	351
976	ETHICS CLUB	-	362	(362)	-
977	SPEECH PATHALOGY	335	-	-	335
978	SCREAM TEAM	-	8,566	(8,518)	47
979	GAY STRAIGHT ALLIANCE	779	-	19	798
980	GRADUATED SENIORS	4,017	11,946	(2,508)	13,454
981	HOMELESS EDUCATION	6,759	11,261	(11,807)	6,214
982	SPORTS MEDIA	-	393	(279)	114
983	YOUTH IN GOVERNMENT	311	-	-	311
984	DESIGNATED CONTRIBUTIONS	108,768	147,687	(25,574)	230,880
985	STAGE PRODUCTION	110	-	-	110
986	FACULTY IN-SERVICE	3	-	-	3
987	TITLE I SUMMER KINDERGART	277	-	-	277
988	VISION IMPAIRED	527	-	-	527
989	AP ECONOMICS	896	-	-	896
990	SPECIAL OLYMPICS	24,135	700	(795)	24,040
991	MEDIA PRODUCTIONS	1,131	-	-	1,131
993	LEADERSHIP	293	481	(229)	545
994	LPS FOUNDATION GRANTS	2,480	68,205	(54,934)	15,750
995	FACULTY FUND	6,579	9,115	(10,550)	5,143
996	PARENT UNIVERSITY	350	1,200	-	1,550
997	IPAD REPAIR/REPLACE	18,520	-	(10,482)	8,038
998	LAWTON COMMUNITY SERVICES	27	-	-	27
		<u>1,942,680</u>	<u>1,874,478</u>	<u>(1,724,718)</u>	<u>2,092,437</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2020	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2021
U.S. Dept. of Education						
Direct Program						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (60,316)	\$ 203,831	\$ 257,826	\$ (114,311)
Impact Aid	84.041	591/592	\$ -	\$ 4,997,530	\$ 4,997,530	\$ -
Passed Through the Bureau of Indian Education						
Johnson-O'Malley Program	15.130	563/564	\$ 103,835	\$ 61,641	\$ 53,022	\$ 112,454
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (46,256)	\$ 78,718	\$ 99,538	\$ (67,076)
Passed Through State Department of Education:						
		511/512/515/78				
Title I, Grants to Local Educational Agencies	84.010	6	\$ (616,925)	\$ 6,008,025	\$ 6,022,198	\$ (631,098)
		613/615/621				
Special Education - Grants to States	84.027	/625	\$ (746,241)	\$ 2,922,772	\$ 2,961,632	\$ (785,101)
COVID-19 Special Education - CARES Act	84.027	617	-	177,408	177,408	-
Special Education - Preschool Grants	84.173	641/642	(18,292)	64,975	63,796	(17,113)
Special Education Cluster			\$ (764,533)	\$ 3,165,155	\$ 3,202,836	\$ (802,214)
Title II - Part A Supporting Effective Instruction State Grants	84.367	541/786	\$ (88,874)	\$ 88,874	\$ -	\$ -
Title III, Part A - Limited English Proficiency	84.365	571/572/786	(4,473)	47,463	50,155	(7,165)
Title IV - 21st Century Community Learning Centers	84.424	552/786	(22,015)	22,015	-	-
Title X - Part C McKinney Homeless	84.196	596	(12,061)	62,166	65,091	(14,986)
Title I - Part D- Prevention and Intervention	84.013	531/532/786	(5,955)	17,898	18,196	(6,253)
Title IV- Part F- Oklahoma School Climate Transformation Project	84.184F	712	29	3,370	3,370	29
			\$ (44,475)	\$ 152,912	\$ 136,812	\$ (28,375)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2020	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2021
<i>Passed Through State Department of Education:</i>						
COVID-19 Education Stabilization Funds - Elementary and Secondary School Emergency Relief (ESSER) Fund - CARES Act	84.425D	788	-	3,629,075	3,629,075	-
COVID-19 Education Stabilization Funds - Elementary and Secondary School Emergency Relief (ESSER) Fund II	84.425D	793	-	13,459,424	14,787,519	(1,328,095)
Total COVID-19 ESSER Funds			<u>\$ -</u>	<u>\$ 17,088,499</u>	<u>\$ 18,416,594</u>	<u>\$ (1,328,095)</u>
<i>Passed Through State Department of Career and Vocational Education:</i>						
Job Training Department of Rehabilitation Services	84.126	456	<u>48,045</u>	<u>119,406</u>	<u>79,267</u>	<u>88,184</u>
Total U.S. Department of Education			<u>\$ (1,469,499)</u>	<u>\$ 31,964,591</u>	<u>\$ 33,265,623</u>	<u>\$ (2,770,531)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through Oklahoma State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 22,787	\$ 22,787	\$ -
School Breakfast Program	10.553	764	-	-	-	-
Summer Food Service Program	10.559	766	(101,271)	7,283,743	7,183,728	(1,256)
Lunch Program - Commodities	10.555		290	1,392	1,682	-
Summer Food Service Program -Commodities	10.559		<u>154,011</u>	<u>444,824</u>	<u>537,473</u>	<u>61,362</u>
Child Nutrition Cluster			<u>\$ 53,030</u>	<u>\$ 7,752,746</u>	<u>\$ 7,745,670</u>	<u>\$ 60,106</u>
Equipment Assistant Grant	10.579	791	-	32,102	32,102	-
Child and Adult Care Food Program	10.558	769	-	-	-	-
Total U.S. Department of Agriculture			<u>\$ 53,030</u>	<u>\$ 7,784,848</u>	<u>\$ 7,777,772</u>	<u>\$ 60,106</u>
<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	\$ (109,465)	\$ 109,465	\$ -	\$ -
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools-- Elementary Schools	12.556	775	\$ (11,531)	\$ 462,529	\$ 459,068	\$ (8,070)
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools-- High Schools	12.556	779	\$ (61,160)	\$ 523,332	\$ 462,172	\$ -
Invitational Grants for Military-Connected Schools-Special Education	12.557	778	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Defense			<u>\$ (182,156)</u>	<u>\$ 1,095,326</u>	<u>\$ 921,240</u>	<u>\$ (8,070)</u>
Total Expenditures of Federal Awards			<u>\$ (1,598,625)</u>	<u>\$ 40,844,765</u>	<u>\$ 41,964,635</u>	<u>\$ (2,718,495)</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, 2021. 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.

Note E: Beginning Balance

Lawton Independent School District No. 8, Comanche County, Oklahoma beginning balance column of Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools—High Schools CFDA # 12.556 was increased by \$1,340 for the activity to flow properly as of year ended June 30, 2021.

OTHER INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual Variance
	Original	Final	Amounts	With Final Budget
REVENUE				
Property Taxes	\$ 14,082,934	\$ 14,082,934	\$ 16,116,314	\$ 2,033,380
Interest	416,500	416,500	35,515	(380,985)
County Revenue	2,150,000	2,150,000	2,670,671	520,671
State Revenue	75,929,371	75,929,371	74,338,160	(1,591,211)
Federal Revenue	27,272,011	27,272,011	40,575,076	13,303,065
Other	1,548,241	1,548,241	1,907,067	358,826
Total Revenue	<u>\$ 121,399,057</u>	<u>\$ 121,399,057</u>	<u>\$ 135,642,803</u>	<u>\$ 14,243,746</u>
EXPENDITURES				
Current				
Instruction	\$ 69,268,000	\$ 69,268,000	\$ 69,267,103	\$ 897
Support Services	49,192,000	49,192,000	52,308,701	(3,116,701)
Non-instruction Services	8,032,000	8,032,000	8,292,429	(260,429)
Capital Outlay	42,000	42,000	102,980	(60,980)
Other Outlays	7,436,784	7,436,784	35,911	7,400,873
Total Expenditures	<u>\$ 133,970,784</u>	<u>\$ 133,970,784</u>	<u>\$ 130,007,124</u>	<u>\$ 3,963,660</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (12,571,727)</u>	<u>\$ (12,571,727)</u>	<u>\$ 5,635,679</u>	<u>\$ 18,207,406</u>
Other Financing Sources				
Transfers In	<u>\$ 12,571,727</u>	<u>\$ 12,571,727</u>	<u>229,616</u>	<u>(12,342,111)</u>
Total Other Financing Sources	<u>12,571,727</u>	<u>12,571,727</u>	<u>229,616</u>	<u>(12,342,111)</u>
Net Change in Fund Balance	-	-	5,865,295	5,865,295
Fund Balance - Beginning	-	-	12,344,257	12,344,257
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,209,552</u>	<u>\$ 18,209,552</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –Building (Unaudited)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
REVENUE				
Property Taxes	\$ 1,966,745	\$ 1,966,745	\$ 2,610,290	\$ 643,545
Other	<u>773,727</u>	<u>773,727</u>	<u>-</u>	<u>(773,727)</u>
Total Revenue	<u>\$ 2,740,472</u>	<u>\$ 2,740,472</u>	<u>\$ 2,610,290</u>	<u>\$ (130,182)</u>
EXPENDITURES				
Current				
Support Services	\$ 2,520,000	\$ 2,520,000	\$ 1,247,972	\$ 1,272,028
Capital Outlay	<u>220,472</u>	<u>220,472</u>	<u>32,036</u>	<u>188,436</u>
Total Expenditures	<u>\$ 2,740,472</u>	<u>\$ 2,740,472</u>	<u>\$ 1,280,008</u>	<u>\$ 1,460,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,330,282	1,330,282
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>806,148</u>	<u>806,148</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,136,430</u>	<u>\$ 2,136,430</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Statutory Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2021

<u>Bonding Company</u>	<u>Position Bond Type</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Dates</u>
Western Surety	Superintendent	7226491	\$100,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Treasurer	32S108651	\$100,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Assistant Treasurers (2)	32S108651	\$200,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Custodian of Activity Fund	32S108651	\$10,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Asst. Custodian of Activity Fund	32S108651	\$1,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Clerk	32S108651	\$1,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Deputy Clerk	32S108651	\$1,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Minutes Clerk	32S108651	\$1,000	6/30/2020-6/30/2021
Ohio Casualty Insurance	Encumbrance Clerk	32S108651	\$1,000	6/30/2020-6/30/2021

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, 2021, 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 February 9, 2022. Our report included an adverse opinion on U.S. generally accepted accounting principles because the District prepares its financial statements on a prescribed regulatory basis of accounting.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-003 to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

Lawton Independent School District No. 8's Response to Findings

Lawton Independent School District No. 8's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lawton Independent School District No. 8' response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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 C Johnson & Associates PLLC

Ardmore, Oklahoma
February 9, 2022

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, 2021. 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.

Basis for Qualified Opinion on COVID-19 Education Stabilization Fund- Elementary and Secondary School Emergency Relief (ESSER I & ESSER II)

As described in the accompanying schedule of findings and questioned costs, Lawton Independent School District No. 8, Comanche County, Oklahoma, did not comply with requirements 84.425D COVID-19 Education Stabilization Fund-Elementary School Emergency Relief (ESSER I & ESSER II) as described in finding numbers 2021-004 and 2021-005 for Allowable Costs/Cost Principles and 2021-006 Equipment/Real Property Management. Compliance with such requirements is necessary, in our opinion, for Lawton Independent School District No. 8 to comply with the requirements applicable to that program.

Qualified Opinion on COVID-19 Education Stabilization Fund- Elementary and Secondary School Emergency Relief (ESSER I & ESSER II)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lawton Independent School District No. 8, Comanche County, Oklahoma, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on COVID-19 Educational Stabilization fund-Elementary and Secondary School Emergency Relief (ESSER I & ESSER II) for the year ended June 30, 2021.

Unmodified 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned items 2021-007 and 2021-008. Our opinion on each major program is not modified with respect to these matters.

Lawton Independent School District No. 8, Comanche County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lawton Independent School District No. 8, Comanche County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004 thru 2021-006 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items as 2021-007 and 2021-008 to be significant deficiencies.

Lawton Independent School District No. 8, Comanche County, Oklahoma's response to internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lawton Independent School District No. 8, Comanche County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
February 9, 2022

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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?	<u> X </u> Yes	<u> </u> No
Significant Deficiency(ies) identified ?	<u> X </u> Yes	<u> </u> None Reported
Noncompliance material to financial statement	<u> X </u> Yes	<u> </u> No

Federal Awards:

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

Type of auditors' report issued on compliance for major programs:

84.010 Title I Grants to Local Educational Agencies	Unmodified
84.425D COVID-19-Education Stabilization Fund-Elementary & Secondary School Emergency Relief (ESSER I & ESSER II)	Qualified
12.556 Promoting K-12 Student Achievement at Military-Connected Schools	Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)?	<u> X </u> Yes	<u> </u> No
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Identification of Major Programs:

<u>CFDA/Assistance Number:</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.425D	COVID 19- Education Stabilization Fund-Elementary & Secondary School Emergency Relief (ESSER I & ESSER II)
12.556	Promoting K-12 Student Achievement at Military-Connected Schools

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?	<u> </u> Yes	<u> X </u> No
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Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section II – Financial Statement Findings

2021-001 Purchase Orders

Condition: Purchasing policy was not being followed.

Criteria: At the time of purchases District Board Policy-CHA required to have 3 written quotes or bids.

Context: 2 out of 25 purchase orders tested did not follow District policy.

Cause: A sole source affidavit was used in lieu of bids and quotes required by policy. The items purchased did not meet the description of exclusive or franchise type item thus should have followed policy.

Effect: Noncompliance with District policy.

Recommendation: We recommend that the purchasing policy be followed. We also recommend that the policy regarding sole source be better defined and followed.

*Views of Responsible
Officials And Planned*

Corrective Action: Lawton Public Schools Superintendent and School Board presented the district policies to OSSBA and its legal staff for review in the spring of 2020. The policies were found to be littered with both conflicting and illegal policies. The policy was rewritten over the next 10 months. The district CFO continually checked purchases for best price and quality by acquiring quotes on purchase orders. Two separate procurement policies were in conflict. The district followed the law and the basic policy provided by OSSBA (COB-R-PROCUREMENT REGULATION).

The sole source form was utilized inappropriately. Instructions for utilization of the sole source form has been provided to all concerned. Sole source forms are being reviewed by the finance office prior to a purchase order being encumbered.

2021-002 Overtime Pay

Condition: Overtime pay was not paid properly.

Criteria: Federal Regulations 29 CFR 778.115 require that employees working jobs at two or more rates in a single work week must have a rate of pay computed on a weighted average of those rates.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: Extra duty pay is being computed at a flat rate and non-exempt staff are not tracking time worked for extra duty.

Effect: Non-exempt employees are not being properly compensated in compliance with wage and hour laws.

Recommendation: We recommend that the that overtime be computed in compliance with Federal wage and hour laws. In addition, we recommend that all non-exempt employees track hours worked for all job duties.

Views of Responsible Officials And Planned Corrective Action: New administration identified the problem in the first six months of their tenure and have worked to correct it. The district had a long-time practice of identifying employees as exempt who may not qualify. The new administration sought legal opinions and have worked to eliminate the practice. The auditor has audited the district four out of the last five years and this is the first time it has been identified by the auditor.
Based on legal opinions, a standard is in place to identify exempt/non-exempt employees and to ensure that, when overtime is worked, it is paid correctly. In addition, all non-exempt employees are tracking hours worked using a standard time-card.

2021-003 Employment Contracts

Condition: Employment contract could not be located

Criteria: Oklahoma Statutes 70-5-117 states the Board of Education is responsible for contracting with and fixing duties and compensation of staff.

Context: 1 out of 25 contracts and employees tested there was not a contract and unable to support the amounts paid.

Cause: Failure in procedures to maintain signed contracts.

Effect: Employees could be paid amounts not in agreement with Board expectations and budget.

Recommendation: We recommend that employment contracts be properly maintained. We recommend that procedures be updated to ensure all contracts are properly filed.

Views of Responsible Officials And Planned Corrective Action: Contracts are a critical component for the Human Resources and Payroll departments. A new financial software was implemented in July 2021 for FY 22. The software assists in the process of creating, distributing, and maintaining contracts.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs

2021-004 **Federal Agency: U.S. Department of Education**
Pass Thru Entity: Oklahoma State Department of Education
COVID-19 Education Stabilization Fund-Elementary & Secondary School
Emergency Relief (ESSER I (CARES ACT)) & Elementary &
Secondary School Emergency Relief (ESSER II)
Assistance Listing: COVID-19 84.425D (OCAS Projects 788 & 793)

Condition: Expenditures charged to program did not follow the allowable costs principles of direct costs. Equipment purchased did not have prior approval nor time and effort kept on employees paid with federal funds.

Criteria: 2 CFR 200.439 Equipment and other capital expenditures require to have prior approval of the federal awarding agency or pass-through entity. 2 CFR 200.430(i)(1)(vii) standards for documentation of personnel expenses 1) charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. (vii) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award.

Context: 25 out of 40 expenditures did not comply with Uniform Guidance standards of allowable cost/cost principles.

Questioned Costs: \$294,369 of known costs which did not have prior approval of equipment (\$58,661) or time and effort support (\$235,708). The percentage of noncompliance was then taken to the remaining untested population to arrive at a projected cost of \$9,666,399.

Cause: Claimed expenditures were reclassified at year end which included employees that did not have proper support of time and effort documentation for amounts paid and equipment purchases that did not have prior approval of pass thru entity.

Effect: Potential disallowed expenditures and noncompliance with Uniform Guidance.

Recommendation: We recommend that expenditures charged to federal programs follow allowable cost principles within Uniform Guidance. We also recommend that employee cost charged to federal programs be supported with appropriate time and effort documentation. We also recommend prior approval of pass thru entity be obtained for equipment to be purchased.

Views of Responsible

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Officials And Planned

Corrective Action: Two categories are identified in this finding: prior approval for equipment purchases and time-and-effort for payroll. The equipment finding identifies \$58,661 as not having prior approval. The district had verbal approval from State Department of Education (SDE), submitted its claim with supporting documentation, and the SDE reviewed and paid the claim. In terms of prior approval, the SDE changed funding/expenditure requirements multiple times during FY21 as ESSR funds were allocated multiple times across the fiscal year. Per written SDE guidance, the district is acquiring written permission to make purchases on items over \$5,000 that are not on SDE's pre-approved list for remaining ESSR/ARP funds.

The district was instructed in August of 2020 during an SDE training that time and effort was not required for employees paid with federal dollars in Lawton, a Schoolwide Title I district/school. The training documents provided stated: "There are some instances in which schools are not required to maintain individual Time Distribution Records for employees paid with federal funds. 2 CFR 200, Appendix XI of August 2020 stipulates that in the following cases employees need not complete Time Distribution Records 2 CFR 200, Appendix XI, 4-84.000... In a Schoolwide Title I school that uses the schoolwide consolidation of funds, employees paid with federal funds working on the schoolwide program are not required to complete Time Distribution Records *B.1.b.(1)*."

In addition, the United States Department of Education's "Frequently Asked Questions Elementary and Secondary School Emergency Relief Programs Governor's Emergency Education Relief Programs" dated May 26, 2021 states on page 19 that "An LEA must maintain time distribution records (sometimes called "time and effort" reporting) only if an individual employee is splitting his or her time between activities that may be funded under ESSER or GEER and activities that are not allowable under the applicable program."

After the year was complete, the auditor indicated that time-and-effort was required and the auditor stated that SDE agreed. Therefore, the district is obtaining time-and-effort for employees paid with federal funds in FY22, regardless of SDE and USDE guidance stating otherwise.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

2021-005 **Federal Agency: U.S. Department of Education**
Pass Thru Entity: Oklahoma State Department of Education
COVID-19 Education Stabilization Fund-Elementary & Secondary School
Emergency Relief (ESSER I (CARES ACT)) & Elementary &
Secondary School Emergency Relief (ESSER II)
Assistance Listing: COVID-19 84.425D (OCAS Projects 788 & 793)

Condition: Allowable costs/cost principles of indirect costs was overclaimed.

Criteria: 2 CFR 200.414(c)(d) requires the negotiated indirect cost rate between the pass thru entity and the subrecipient.

Context: During testing of indirect costs it was overclaimed and paid by pass thru entity. Indirect costs were tested in their entirety.

Questioned Costs: \$302,446 of indirect costs were overclaimed.

Cause: Failure to monitor the indirect costs being claimed against the allowable amount.

Effect: Indirect costs reimbursement received in excess of allowable amount.

Recommendation: We recommend that indirect costs not be overclaimed. We also recommend that the District implement procedures to monitor indirect costs claimed are within the allowable rate approved by the State Department of Education.

*Views of Responsible
Officials And Planned
Corrective Action:*

Indirect costs were claimed and paid twice due to an error in the State Department of Education's Grant Management Software. SDE was informed immediately upon the discovery of the error. SDE was refunded the overpayment and the funds were reallocated to the district's grant for district use. The District will check each claim for proper indirect cost claim amounts.

2021-006 **Federal Agency: U.S. Department of Education**
Pass Thru Entity: Oklahoma State Department of Education
COVID-19 Education Stabilization Fund-Elementary & Secondary School
Emergency Relief (ESSER I (CARES ACT)) & Elementary &
Secondary School Emergency Relief (ESSER II)
Assistance Listing: COVID-19 84.425D (OCAS Projects 788 & 793)

Condition: Property purchased with federal funds were not accurately approved, tracked and maintained as property in accordance as federal regulations.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

<i>Criteria:</i>	2 CFR 200.313(a)(2) requires prior approval by the pass thru entity before encumbering property. 2 CFR 200.313(d)(1) requires property records must be maintained that include a description of the property, serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, the cost of the property, the percentage of the federal project costs in which the property was acquired, the location, use and condition of property and an ultimate disposition data including the date of disposal and sale price of the property.
<i>Context:</i>	All equipment expenditures claimed were reviewed. Three out of seven were not properly identified as fixed assets, four out of seven were not recorded in the system as federal fixed asset and four out of the seven did not have prior approval to purchase the fixed asset.
<i>Questioned Costs:</i>	\$186,057 of known costs that were not properly tracked as fixed assets.
<i>Cause:</i>	Equipment was not charged to the program as purchased but was recoded without prior approval of the awarding agency. The District assumed acceptance of the claim was de facto approval.
<i>Effect:</i>	Potential disallowed expenditures and noncompliance with Uniform Guidance.
<i>Recommendation:</i>	We recommend prior approval from awarding agency be obtained for equipment to be purchased and that all such equipment, once approved, be properly tracked. We also recommend that recording of expenditures not occur without determination that expenditure will meet the requirements of Uniform Guidance.
<i>Views of Responsible Officials And Planned Corrective Action:</i>	
	As stated in 2021-004, SDE funding/expenditure requirements changed multiple times during FY21. In addition, funds became available in the second half of FY21. The items identified had verbal approval, were placed on the district's claims, and were paid by SDE after review. Late year purchases were identified as federal fixed assets in the first quarter of FY22 insuring proper tracking and maintenance as federal property. Additionally, the fixed asset team will review all purchase orders and claims for object 700's to insure all property is identified and tracked properly.

2021-007 All Federal Programs -- Procurement

<i>Condition:</i>	The District did not have procurement policies in place for federal expenditures.
<i>Criteria:</i>	2 CFR 200.320 the non-federal entity must have and use documented procurement procedures, consistent with standards of this section and §§ 200.317, 200.318 and 200.319 for any of the following methods of procurement

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

used for the acquisition of property or services requirement under a federal award or subaward.

Cause: Revision of purchasing policies in March 2021 removed specific purchasing thresholds required by Uniform Guidance.

Effect: Noncompliance with federal regulations and potential disallowed expenditures.

Recommendation: We recommend that the District have procurement policies in place. We recommend that these policies comply with the purchasing thresholds within Uniform Guidance.

*Views of Responsible
Officials And Planned*

Corrective Action: Lawton Public Schools Superintendent and School Board presented the district policies to OSSBA and its legal staff for review in the spring of 2020. The policies were found to be littered with both conflicting and illegal policies. Two separate procurement policies were in conflict. The policy was rewritten over the next 10 months. During this time, the district followed the law and the basic policy provided by OSSBA (COB-R-PROCUREMENT REGULATION) that follow 2 CFR 200.320.
In March of 2021, the district adopted purchasing policies that clarified thresholds to specifically meet federal requirements (COB-R-PROCUREMENT REGULATION) and insure consistency in district policy.

2021-008 All Federal Programs -- Allowability

Condition: After policy revisions in March 2021 purchases were not being treated uniformly between federal and nonfederal.

Criteria: 2 CFR 200.403c for costs to be allowable under federal awards they must be consistent with policies and procedures that apply uniformly to both federal-finance and other activities of the non-federal entity.

Context: During testing it was determined that overall District wide thresholds had been eliminated, but federal program office was still following the procedures which had thresholds.

Cause: Revision of purchasing policies deleted specific thresholds and unaware of the Uniform Guidance requirements.

Effect: Risk of unallowable expenditures paid with federal dollars and noncompliance with federal regulations.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Recommendation: We recommend that the District implement new policies to ensure that all purchases federal and nonfederal are treated uniformly.

*Views of Responsible
Officials And Planned*

Corrective Action: During FY21 the district followed the law and the basic policy provided by OSSBA (COB-R-PROCUREMENT REGULATION) that follow 2 CFR 200.320. Purchases followed the procurement policy.

At the outset of FY21, the district tasked all administrators with insuring best price/quality on ALL purchases, not just those over the identified threshold in the procurement policy. Therefore, different administrators may follow different procedures in their buildings/departments to insure compliance, but all administrators follow the policy, COB-R-PROCUREMENT REGULATION.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None