

Lawton Independent School District No. 8
Comanche County, Oklahoma

Financial Statements
Year-End June 30, 2022

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

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawton Independent School District No. 8, Comanche County, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on the Regulatory Basis Governmental Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the regulatory basis transactions of the governmental activities of the Lawton Independent School District No. 8, as of June 30, 2022, and the revenues it collected and expenditures it paid and budgetary results for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

Unmodified Opinions on Regulatory Basis Major Funds and Aggregate Remaining Fund Information

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, 2022, 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.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lawton Independent School District No. 8, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on Governmental Activities

As discussed in Note 12 to the financial statements, management has not recorded capital assets in the governmental activities opinion unit, which should be included to conform to the financial reporting provisions of the Oklahoma State Department of Education. The amount by which this departure would affect the assets, net position and expenses of the governmental activities has not been determined.

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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lawton Independent School District No. 8's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lawton Independent School District No. 8's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lawton Independent School District No. 8's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management discussion and analysis, budgetary information and the statement of statutory fidelity and honesty bonds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. Management has omitted the management discussion and analysis that Oklahoma Department of Education requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials statements, is required by the Oklahoma Department of Education who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2023, 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.



Norman, Oklahoma
April 14, 2023

BASIC FINANCIAL STATEMENTS

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 39,406,131
Restricted Cash	<u>39,741,911</u>
 Total Assets	 <u>\$ 79,148,042</u>
 LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Outstanding	\$ 12,874,218
Long -Term Liabilities	
Due within One Year	17,452,000
Due in More than One Year	<u>52,824,465</u>
 Total Liabilities	 <u>\$ 83,150,683</u>
 Net Position	
Restricted for	
Building Services	\$ 20,183,186
Debt Service	9,026,150
Other	17,064
Scholarships	21,700
School Organizations	2,575,832
Unrestricted	<u>(35,826,573)</u>
Total Net Position	<u><u>\$ (4,002,641)</u></u>

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2022

<i>Functions/Programs</i>	Program Revenues			Net (Expense) Revenue and	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position Primary Government
					Governmental Activities
Primary Government					
Governmental Activities					
Instruction	\$ 72,483,223	\$ 66,155	\$ 36,609,126	\$ -	\$ (35,807,942)
Support Services	69,611,228	1,746,248	718,873	-	(67,146,107)
Operation of Noninstructional Services	16,561,056	17,314,061	10,497,495	1,669,567	12,920,067
Interest on long-term debt	2,097,715	-	-	-	(2,097,715)
Total Governmental Activities	\$ 160,753,222	\$ 19,126,464	\$ 47,825,494	\$ 1,669,567	\$ (92,131,697)
General Revenues					
Taxes					
Property taxes, levied for general purposes					16,143,439
Property taxes, levied for building purposes					2,308,145
Property taxes, levied for sinking fund purposes					8,620,720
General Taxes					10,874,112
State aid - formula grants					70,813,747
Federal aid - formula grants					5,717,944
Investment Earnings					121,201
Total General Revenues					\$ 114,599,308
Change in Net Position					\$ 22,467,611
Net Position - Beginning, restated					(26,470,252)
Net Position - Ending					\$ (4,002,641)

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2022

	General Fund	Building Fund	Sinking Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Investments	\$ 36,813,235	\$ -	\$ -	\$ 2,575,832	\$ 39,389,067
Restricted Cash	-	20,286,212	9,026,150	10,429,549	39,741,911
Total Assets	<u>\$ 36,813,235</u>	<u>\$ 20,286,212</u>	<u>\$ 9,026,150</u>	<u>\$ 13,005,381</u>	<u>\$ 79,130,978</u>
Liabilities					
Warrants Outstanding	\$ 12,399,111	\$ 103,026	\$ -	\$ 372,081	\$ 12,874,218
Total Liabilities	<u>\$ 12,399,111</u>	<u>\$ 103,026</u>	<u>\$ -</u>	<u>\$ 372,081</u>	<u>\$ 12,874,218</u>
Fund Balances					
Restricted	\$ -	\$ 20,183,186	\$ 9,026,150	\$ 10,057,468	\$ 39,266,804
Committed	-	-	-	2,575,832	2,575,832
Assigned	24,414,124	-	-	-	24,414,124
Unassigned	-	-	-	-	-
Total Fund Balances	<u>\$ 24,414,124</u>	<u>\$ 20,183,186</u>	<u>\$ 9,026,150</u>	<u>\$ 12,633,300</u>	<u>\$ 66,256,760</u>
Total Liabilities and Fund Balances	<u>\$ 36,813,235</u>	<u>\$ 20,286,212</u>	<u>\$ 9,026,150</u>	<u>\$ 13,005,381</u>	

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

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	17,064
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	31,990,000
Financed Purchases	37,620,000
Compensated Absences	<u>666,465</u>
	<u>(70,276,465)</u>
Net assets of governmental activities.	<u>\$ (4,002,641)</u>

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, 2022

	General Fund	Building Fund	Sinking Fund	Other Governmental Funds	Total
REVENUE					
Property Taxes	\$ 16,149,282	\$ 2,309,117	\$ 8,624,364	\$ -	\$ 27,082,763
Interest	78,722	500,000	-	4,508	583,230
County Revenue	2,659,519	-	-	-	2,659,519
State Revenue	81,436,040	1,669,567	-	-	83,105,607
Federal Revenue	48,294,048	1,607,872	-	-	49,901,920
Other	<u>2,638,158</u>	<u>14,251,771</u>	<u>-</u>	<u>2,364,381</u>	<u>19,254,310</u>
 Total Revenue	 <u>\$ 151,255,769</u>	 <u>\$ 20,338,327</u>	 <u>\$ 8,624,364</u>	 <u>\$ 2,368,889</u>	 <u>\$ 182,587,349</u>
EXPENDITURES					
Current					
Instruction	\$ 72,337,223	\$ -	\$ -	\$ 567,602	\$ 72,904,825
Support Services	61,270,595	423,701	-	8,257,454	69,951,750
Non-instruction Services	9,565,980	-	-	570,674	10,136,654
Capital Outlay	782,319	1,824,988	-	7,744,003	10,351,310
Other Outlays	1,144,821	42,881	325,000	-	1,512,702
Debt Service					
Interest Paid	-	-	507,913	-	507,913
Principal Retirement	<u>-</u>	<u>-</u>	<u>7,880,000</u>	<u>-</u>	<u>7,880,000</u>
 Total Expenditures	 <u>\$ 145,100,938</u>	 <u>\$ 2,291,570</u>	 <u>\$ 8,712,913</u>	 <u>\$ 17,139,733</u>	 <u>\$ 173,245,154</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 6,154,831</u>	 <u>18,046,757</u>	 <u>\$ (88,549)</u>	 <u>\$ (14,770,844)</u>	 <u>\$ 9,342,195</u>
Other Financing Sources					
Transfers	(10,000)	-	-	10,000	-
Proceeds of Bonds and Leases	-	-	-	8,837,972	8,837,972
Sale of Capital Assets	59,742	-	-	-	59,742
Total Other Financing Sources	<u>\$ 49,742</u>	<u>-</u>	<u>-</u>	<u>8,847,972</u>	<u>8,897,714</u>
 Net Change in Fund Balances	 <u>\$ 6,204,573</u>	 <u>18,046,757</u>	 <u>(88,549)</u>	 <u>(5,922,872)</u>	 <u>18,239,909</u>
 Fund Balances - Beginning	 <u>18,209,551</u>	 <u>2,136,429</u>	 <u>9,114,699</u>	 <u>18,556,172</u>	 <u>48,016,851</u>
Fund Balances - Ending	<u>\$ 24,414,124</u>	<u>\$ 20,183,186</u>	<u>\$ 9,026,150</u>	<u>\$ 12,633,300</u>	<u>\$ 66,256,760</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, 2022

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

Net change in fund balances - total governmental funds			\$ 18,239,909
<p>In the statement of activities, compensated absences are measured by the amounts earned and unused during the year. In governmental funds, expenditures is the amount of financial resources used (essentially the amounts actually paid). This year, compensated absences earned were more than the amounts used.</p>			
			810,775
<p>Proceeds of general obligation debt provide current financial resources for governmental funds but issuing debt increases long-term liabilities in the statement of net assets.</p>			
			(8,800,000)
<p>Repayment of debt is an expenditure in the governmental funds, but repayment of debt reduced long-term liabilities in the statement of net assets</p>			
	Bonds payable	\$ 7,880,000	
	Lease payable	<u>4,400,000</u>	12,280,000
<p>The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the statement of net assets</p>			
			(61,363)
<p>Internal service funds are used to charge costs of workers' compensation a to individual funds. The governmental funds included expenditures of \$8,525. The expenses of the governmental activities however reflects the actual costs incurred, \$10,235. The difference represents the undercharge by the internal service funds that is allocated back to governmental activities and transfers</p>			
			<u>(1,710)</u>
Change in net assets position of governmental activities.			<u>\$ 22,467,611</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, 2022

	<u>Internal Service Funds</u>
	<u>Workers' Compensation</u>
ASSETS	
Cash and Cash Investments	\$ 17,064
Total Assets	<u>\$ 17,064</u>
 LIABILITIES	
Warrants Outstanding	<u>\$ -</u>
 NET POSITION	
Restricted	<u><u>\$ 17,064</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, 2022

	<u>Internal</u>	<u>Service Funds</u>
	<u>Workers'</u>	<u>Compensation</u>
Operating Revenues		
Charges to other funds	\$	<u>8,525</u>
Total Operating Revenues	\$	<u>8,525</u>
Operating Expenses		
Other Outlays	\$	<u>10,235</u>
Total Operating Expenses	\$	<u>10,235</u>
Change in net position		(1,710)
Net Position- Beginning		<u>18,774</u>
Net Position- Ending	\$	<u><u>17,064</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, 2022

	Internal Service Funds <u>Workers'</u> <u>Compensation</u>
Cash Flows from Operating Activities	
Received from assessments made to other funds	\$ 8,525
Payments of claims	<u>(10,235)</u>
Net cash used by operating activities	<u>\$ (1,710)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers to other funds	<u>\$ -</u>
Net increase (decrease) in cash	\$ (1,710)
Cash and cash equivalents, Beginning	<u>18,774</u>
Cash and cash equivalents, Ending	<u><u>\$ 17,064</u></u>
Cash Flows from Operating Activities	
Operating loss	\$ (1,710)
Adjustments to reconcile operating loss to	
Net cash provided (used) by operating activities	
Warrants Outstanding	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,710)</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, 2022

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Cash Investments	\$ 43,365
Investments	<u>135,995</u>
Total Assets	<u>\$ 179,360</u>
LIABILITIES	
Warrants Outstanding	<u>\$ -</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 179,360</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, 2022

	Private- Purpose Trust
Additions:	
Reimbursements	\$ 500
Investment Return	(15,753)
Total Additions	\$ (15,253)
Deductions	
Scholarships Awarded	\$ 6,000
Total Deductions	\$ 6,000
Change In Net Position	\$ (21,253)
Net Position- Beginning	200,613
Net Position- Ending	\$ 179,360

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2022

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, 2022

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

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

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

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

Basic Financial Statements – Fund Financial Statements

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

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

The District reports the following major governmental funds:

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

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

- 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.

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- 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.
- Activity Fund is special revenue fund the district accounts for resources and expenditures incurred by the student activity groups.
- Gifts Fund is special revenue fund used to report donor restricted gifts.

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.

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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

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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

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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 46% 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. See Note 12 related to this component.

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.

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 \$31,823,932 of restricted net position.

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

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

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

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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, 2022, 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, 2022, fund balances are comprised of the following:

	General Fund	Building Fund	Sinking Fund	Other Governmental Funds	Total Governmental Funds
Restricted					
Debt Service	\$ -	\$ -	\$ 9,026,150	\$ -	\$ 9,026,150
School Construction and Fixed Assets	-	20,183,186	-	10,035,768	30,218,954
Building Operation and Maintenance	-	-	-	-	-
Scholarships	-	-	-	21,700	21,700
Committed					
School Organizations	-	-	-	2,575,832	2,575,832
Assigned					
Next Fiscal Year	24,414,124	-	-	-	24,414,124
Unassigned	-	-	-	-	-
	<u>\$ 24,414,124</u>	<u>\$ 20,183,186</u>	<u>\$ 9,026,150</u>	<u>\$ 12,633,300</u>	<u>\$ 66,256,760</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.

Note 3 - Cash and Investments

Deposits – At June 30, 2022, the bank balance of deposits and cash pools was \$73,680,979. Custodial

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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, 2022, the District was not exposed to custodial credit risk.

Investments -

The District holds the following investments in the endowment fund:

Type of Investment	Cost	Fair Value	Investment Maturities (in Years)			
			Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Money-Market Mutual Funds	\$ 135,987	\$ 128,591	\$ 128,591	\$ -	\$ -	\$ -
Fixed Income	7,120	7,404	12	7,392	-	-
	<u>\$ 143,107</u>	<u>\$ 135,995</u>	<u>\$ 128,603</u>	<u>\$ 7,392</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. 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. 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)	\$ 31,070,000	\$ 8,800,000	\$ 7,880,000	\$ 31,990,000	\$ 8,095,000
CCPFA Lease Purchase (Direct Borrowing)	42,020,000	-	4,400,000	37,620,000	9,290,000
Compensated absences	1,477,240	-	810,775	666,465	67,000
	<u>\$ 74,567,240</u>	<u>\$ 8,800,000</u>	<u>\$ 13,090,775</u>	<u>\$ 70,276,465</u>	<u>\$ 17,452,000</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.

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Bonds: Bonds payable June 30, 2022, 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
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
8,800,000	Building Bonds	3/1/2022	1,200,000	Variable	3/1/2024

The annual requirements to amortize all bond debt outstanding as of June 30, 2022 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 8,095,000	\$ 518,440	\$ 8,613,440
2024	10,385,000	385,540	10,770,540
2025	6,670,000	202,840	6,872,840
2026	4,670,000	94,440	4,764,440
2027	2,170,000	35,805	2,205,805
	<u>\$ 31,990,000</u>	<u>\$ 1,237,065</u>	<u>\$33,227,065</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, 2022 is \$46,792,779.

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 financed purchases, 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:

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Year Ending June 30	Future Minimum Lease Payments	Less Interest	Present Value of Minimum Lease Payments
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
2027	9,798,639	(453,639)	9,345,000
Thereafter	5,308,010	(163,010)	5,145,000
	<u>\$ 41,663,429</u>	<u>\$ (4,043,429)</u>	<u>\$ 37,620,000</u>

Pledged Revenues

The District has pledged 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, 2022, \$31,990,000 general obligations were outstanding and \$65,665,000 of general obligations bonds were authorized but not issued as of June 30, 2022. Current year collected \$8,624,364 of pledged revenues and paid \$5,664,802 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.

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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, 2022, qualifying employee contributions were reduced by a retirement credit of \$658,122 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2022, the District had a statutory contribution rate of 9.5% plus 7.90% 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, 2022 were \$7,313,999 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

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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/>.

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, 2022 the District has an outstanding judgment payable of \$650,000 that will be repaid over two 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 \$3,122,288 financed with Building Fund, \$830,303 to be financed with Bond Funds.

Subsequent to year end the District has entered into remodel/construction projects of approximately \$7.8 million to be financed with general fund and building 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	(10,000)	Operating transfer
		(10,000)	

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Note 10 – Lease Revenue Bond Agreements

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

Note 11 – 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, 2022, abated property taxes were approximately \$2.9 million.

Note 12 – Restatement of Beginning Balances

Due to lack of adequate records for capital assets for the year ended June 30, 2022, the capital assets have been removed from the financial statements. This has resulted in a restatement of capital assets and beginning net position on the statement of net position – regulatory basis. The restatement has resulted in the following changes in beginning balances:

	Previously Presented as of <u>6/30/2021</u>	<u>Restatement</u>	<u>Restated Balance as of 6/30/21</u>
Statement of Net Position-Regulatory Basis			
Capital Assets:			
Nondepreciated Capital Assets	42,999,798	(42,999,798)	-
Depreciated Capital Assets, Net of Depreciation	119,060,368	(119,060,368)	-
Net Position			
Net Investment in Capital Assets	105,431,402	(105,431,402)	-
Restricted For			
Building Services	2,136,430		2,136,430
Debt Services	9,137,229		9,137,229
Other	2,113,711		2,113,711
Unrestricted	<u>16,771,142</u>	(56,628,764)	<u>(39,857,622)</u>
Total Net Position:	<u>135,589,914</u>		<u>(26,470,252)</u>

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Note 13 – Subsequent Event

March 2023 District issued \$13,075,000 General Obligation Series Bond 2023A with an initial payment of \$2,590,000 on March 1, 2025 and then three remaining payments of \$3,495,000 with final payment on March 1, 2028, with interest ranging from 3.00%-4.00%. District also issued \$905,000 General Obligation Bonds Taxable Series 2023B with one payment due on March 1, 2025 \$905,000 with interest rate of 4.625%.

April 2023 the District has entered into a \$10,000,000 Lease Agreement with a Bank for the District's football, baseball and softball artificial turf fields. There will be five annual payments of \$2,260,628 beginning on 9/1/2023 and ending 9/1/2027 at an 5.25% interest rate, which will have a total interest amount of \$1,303,137 over the period of the lease purchase. This obligation will be liquidated with building fund and residual bond funds.

The District has evaluated subsequent events through the date of this report which is the date 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, 2022

	Municipal Tax Fund 26	2014 Bond Fund 32	2017 Bond Fund 33	2017 Bond Fund 34	Activity Fund	Gifts Fund	Total
Assets							
Cash and Cash Investments	\$ -	\$ -	\$ -	\$ -	\$ 2,575,832	\$ -	\$ 2,575,832
Restricted Cash	<u>274,693</u>	<u>4,516,735</u>	<u>5,614,972</u>	<u>1,449</u>	<u>-</u>	<u>21,700</u>	<u>10,429,549</u>
Total Assets	<u>\$ 274,693</u>	<u>\$ 4,516,735</u>	<u>\$ 5,614,972</u>	<u>\$ 1,449</u>	<u>\$ 2,575,832</u>	<u>\$ 21,700</u>	<u>\$ 13,005,381</u>
Liabilities							
Warrants Outstanding	\$ -	\$ 356,710	\$ 15,371	\$ -	\$ -	\$ -	\$ 372,081
Total Liabilities	<u>\$ -</u>	<u>\$ 356,710</u>	<u>\$ 15,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,081</u>
Fund Balances							
Restricted	\$ 274,693	\$ 4,160,025	\$ 5,599,601	\$ 1,449	\$ -	\$ 21,700	\$ 10,057,468
Committed	-	-	-	-	2,575,832	-	2,575,832
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>274,693</u>	<u>4,160,025</u>	<u>5,599,601</u>	<u>1,449</u>	<u>2,575,832</u>	<u>21,700</u>	<u>12,633,300</u>
Total Liabilities and Fund Balance	<u>\$ 274,693</u>	<u>\$ 4,516,735</u>	<u>\$ 5,614,972</u>	<u>\$ 1,449</u>	<u>\$ 2,575,832</u>	<u>\$ 21,700</u>	<u>\$ 13,005,381</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2022

	Municipal Tax Fund 26	2014 Bond Fund 32	2017 Bond Fund 33	2017 Bond Fund 34	Activity Fund	Gifts Fund	Total
REVENUE							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	473	456	3,579	-	4,508
Other	<u>33,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,308,845</u>	<u>22,200</u>	<u>2,364,381</u>
Total Revenue	<u>\$ 33,336</u>	<u>\$ -</u>	<u>\$ 473</u>	<u>\$ 456</u>	<u>\$ 2,312,424</u>	<u>\$ 22,200</u>	<u>\$ 2,368,889</u>
EXPENDITURES							
Current							
Instruction	\$ -	\$ -	\$ 339,934	\$ -	\$ 227,668	\$ -	\$ 567,602
Support Services	878,889	3,369,510	2,965,368	-	1,040,687	3,000	8,257,454
Non-instruction Services	-	-	-	-	570,674	-	570,674
Capital Outlay	23,951	441,777	1,571,453	<u>5,706,822</u>	<u>-</u>	<u>-</u>	<u>7,744,003</u>
Total Expenditures	<u>\$ 902,840</u>	<u>\$ 3,811,287</u>	<u>\$ 4,876,755</u>	<u>\$ 5,706,822</u>	<u>\$ 1,839,029</u>	<u>\$ 3,000</u>	<u>\$ 17,139,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(869,504)</u>	<u>(3,811,287)</u>	<u>(4,876,282)</u>	<u>(5,706,366)</u>	<u>473,395</u>	<u>19,200</u>	<u>(14,770,844)</u>
Other Financing Sources							
Transfers	-	-	-	-	10,000	-	10,000
Proceeds of bonds	<u>-</u>	<u>-</u>	<u>3,131,151</u>	<u>5,706,821</u>	<u>-</u>	<u>-</u>	<u>8,837,972</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,131,151</u>	<u>5,706,821</u>	<u>10,000</u>	<u>-</u>	<u>8,847,972</u>
Net Change in Fund Balances	(869,504)	(3,811,287)	(1,745,131)	455	483,395	19,200	(5,922,872)
Fund Balances, Beginning	<u>1,144,197</u>	<u>7,971,312</u>	<u>7,344,732</u>	<u>994</u>	<u>2,092,437</u>	<u>2,500</u>	<u>18,556,172</u>
Fund Balances, Ending	<u>\$ 274,693</u>	<u>\$ 4,160,025</u>	<u>\$ 5,599,601</u>	<u>\$ 1,449</u>	<u>\$ 2,575,832</u>	<u>\$ 21,700</u>	<u>\$ 12,633,300</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, 2022

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2021</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2022</u>
801	FOOTBALL EXTRAS	6,726	32,820	6,601	32,944
802	BOYS BASKETBALL EXTRAS	4,368	3,267	1,267	6,368
803	GIRLS BASKETBALL EXTRAS	5,904	2,758	3,038	5,624
805	BOYS BASEBALL EXTRAS	3,296	200	1,110	2,386
806	GIRLS SOFTBALL EXTRAS	3,023	1,201	-	4,224
807	WRESTLING EXTRAS	1,228	1,090	270	2,049
808	BOYS TENNIS EXTRAS	4	790	338	456
809	GIRLS TENNIS EXTRAS	104	450	-	554
811	BOYS TRACK EXTRAS	455	625	-	1,080
812	GIRLS TRACK EXTRAS	164	625	-	789
813	BOYS GOLF EXTRAS	399	500	-	899
814	BOYS CROSS COUNTRY EXTRAS	431	457	-	888
815	BOYS SOCCER EXTRAS	-	250	-	250
816	GIRLS VOLLEYBALL EXTRAS	1,460	947	505	1,902
817	TRAINERS EXTRAS	4,013	-	319	3,694
819	ALL SPORTS EXTRAS	32,242	3,140	188	35,195
820	GIRLS SOCCER EXTRAS	1,553	1,285	705	2,133
821	GIRLS GOLF EXTRAS	182	500	-	682
822	GIRLS CROSS COUNTRY EXTRA	8	458	-	466
830	DISTRICT ATHLETICS	(58,577)	236,695	11,964	166,154
831	DISTRICT CONCESSION	2,527	67,153	42,131	27,549
836	DISTRICT SWIMMING	1,491	3,720	3,866	1,344
840	ATHLETICS (SITES)	416,651	136,906	277,600	275,956
850	GENERAL	208,545	292,409	266,610	234,344
851	ACADEMIC TEAM	7,565	3,025	4,484	6,106
852	AGRICULTURE	22,752	75,751	69,187	29,316
853	AP EXAM	15,000	1,215	5,000	11,215
854	ART	21,192	8,930	11,213	18,909
856	ASSISTANCE CLUB	14,205	17,746	17,746	14,205
857	ARTS IN EDUCATION	102	-	-	102
858	ACE	11,639	26	1,170	10,495
859	ADVANCE PLACEMENT	533	-	-	533
860	BAND	11,696	26,349	20,175	17,870
861	BUILDERS CLUB	6,138	1,803	2,037	5,904
862	BUSINESS	149	-	-	149
863	BOE REIMBURSEMENT	7,165	1,875	-	9,040
864	CAMPUS CRIME STOPPER	715	-	-	715
865	AMERICAN STUDIES CLUB	623	-	-	623
867	CHEERLEADERS	42,208	88,597	75,226	55,579
868	CHEMISTRY	1,912	972	1,266	1,618
869	CLOSE-UP	97	-	-	97
870	DISTRICT DEVICES	222,059	137,658	3,390	356,327
871	6TH GRADE TEAM	5,073	21	588	4,507
872	7TH GRADE TEAM	3,192	166	1,583	1,775
873	8TH GRADE TEAM	1,735	23	313	1,445

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2022

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2021</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2022</u>
875	CONCESSIONS	7,972	21,713	16,439	13,246
876	CHROMEBOOKS	9,052	-	2,097	6,955
878	COOKING CLUB	311	60	-	371
879	BATTLE OF THE BOOKS (BOB)	45	1,885	695	1,235
880	eSPORTS	1,697	7,716	5,354	4,059
881	CULTURAL AWARENESS	813	990	981	822
883	COUNSELORS	1,042	1,100	324	1,818
884	ANIME	28	-	-	28
885	DRAMA	5,627	4,602	4,242	5,987
886	LETTERMEN CLUB	8,019	-	1,985	6,035
887	COMPUTER CLASS	161	-	-	161
888	AFRICAN AMER. MULT.	5,299	163	130	5,332
889	FFA	1,000	900	-	1,900
890	FCA	2,042	1,572	1,560	2,054
891	FCCLA	3,306	2,536	2,658	3,184
892	FBLA	886	-	-	886
893	CHARACTER ED	208	-	-	208
894	FENCING CLUB	1,179	600	-	1,779
896	FISHING CLUB	350	-	-	350
897	LPSPD K9	-	690	597	93
898	FFA HORTICULTURE	4,970	7,771	7,368	5,373
900	GAEA	-	128	-	128
901	GIFTED/TALENTED	1,542	33	-	1,575
902	DRILL TEAM	13,087	16,965	17,650	12,402
903	MENTORSHIP PROGRAM	14,066	474	4,312	10,228
904	NEWSPAPER	1,055	641	400	1,296
905	LIBRARY	91,659	147,962	113,680	125,941
906	KEY CLUB	7,055	18,945	13,961	12,039
907	MATHEMATICS	2,773	600	650	2,724
908	NHS	11,939	6,705	4,177	14,466
909	NJHS	8,174	7,283	6,161	9,296
910	MISC. EXPENSE	84,201	33,104	38,917	78,388
911	NATIVE AMERICAN CLUB	5,108	-	-	5,108
912	MILITARY CHILD CLUB	4,930	4,207	1,914	7,222
913	OPEN DOORS	69	-	-	69
914	ORCHESTRA	13,040	13,571	14,822	11,789
915	PHYSICS	176	620	-	796
916	PHYSICAL EDUCATION	3,094	-	1,007	2,087
917	ROBOTICS	3,745	2,024	2,307	3,462
918	PEP CLUB	2,218	789	498	2,509
919	PICTURES	63,284	15,951	1,695	77,540
920	JROTC	33,288	14,418	24,931	22,775
921	RENAISSANCE	6,365	6,000	5,979	6,386
922	RESOURCE CENTER	6,239	-	-	6,239
924	SCIENCE CLUB	14,547	4,720	5,757	13,510
925	ELECTIVES	4,579	-	1,673	2,906
926	LPS STROLLING STRING	1,224	-	-	1,224
927	SPANISH CLUB	3,442	197	538	3,101
928	SPEECH & DEBATE	262	3,018	2,196	1,083
929	SPECIAL EDUCATION	11,830	6,989	4,829	13,990
930	STOMP TEAM	1,000	-	-	1,000
931	STUDENT COUNCIL	24,506	118,488	75,452	67,543
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, 2022

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE JULY 1, 2021</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2022</u>
933	STUDENT STORE	8,247	1,800	2,033	8,014
934	SENIORS 2025	843	2,360	1,762	1,441
935	SENIORS 2021	2,284	240	2,000	524
936	SENIORS 2022	2,330	13,216	7,761	7,785
937	SENIORS 2023	1,408	2,159	796	2,771
938	SENIORS 2024	1,883	1,280	714	2,450
939	AUTISM	2,315	-	359	1,956
943	TECHNOLOGY	1,999	927	1,035	1,891
944	TECHNOLOGY STUDENT ASSOC	223	-	-	223
945	TEXTBOOKS	-	75	75	-
946	VOCAL MUSIC	19,075	24,654	30,265	13,464
947	TECH-NOW	1,609	663	669	1,603
948	WAT	110	-	-	110
949	PARTNERS CLUB	(240)	616	-	376
950	STUDENT SERVICES	128	-	-	128
951	YEARBOOK	57,006	72,297	57,018	72,286
952	PARENT INVOLVEMENT	153	-	-	153
953	ACCELERATED READING	95	-	-	95
954	WEIGHTROOM LIFTATHON	2,321	11,465	275	13,511
955	PHOTOGRAPHY	115	-	-	115
958	AWARDS (STUDENT/STAFF)	15	-	-	15
959	CHESS CLUB	193	-	-	193
960	COMMISSION	72,992	63,702	61,063	75,632
961	FRIENDS IN NEED	12,605	9,248	2,337	19,517
962	LPS CHRISTMAS CHEER	6,623	2,646	-	9,269
963	SCRAPBOOKING	800	-	-	800
964	INTERACT ROTARY CLUB	14	-	-	14
965	TRANSITION WAT STORE	419	312	663	67
969	LA WTON JROTC DRILL MEET	2,508	-	1,348	1,160
970	X-TENDED TIME	29,734	45,708	37,505	37,937
971	X-TENDED TIME BOARD	1,517	257,103	254,274	4,346
972	ASIA CLUB	321	-	-	321
973	TEEN COUNCIL	82	-	-	82
974	ARCHERY	1,585	-	-	1,585
975	HOLDING ACCOUNT	1,951	4,564	3,176	3,339
976	ETHICS CLUB	0	-	-	-
977	SPEECH PATHALOGY	335	-	-	335
978	SCREAM TEAM	1,024	4,848	4,851	1,021
979	GA Y STRAIGHT ALLIANCE	798	379	344	833
980	GRADUATED SENIORS	15,010	-	-	15,010
981	HOMELESS EDUCATION	5,380	7,495	6,492	6,383
982	SPORTS MEDIA	114	-	-	114
983	YOUTH IN GOVERNMENT	311	-	-	311
984	DESIGNATED CONTRIBUTIONS	232,880	53,432	38,416	247,896
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	-	500	396
990	SPECIAL OLYMPICS	25,898	3,938	5,531	24,306
991	MEDIA PRODUCTIONS	1,231	735	599	1,367
993	LEADERSHIP	1,042	950	141	1,850
994	LPS FOUNDATION GRANTS	16,000	91,283	97,957	9,325
995	FACULTY FUND	6,093	10,061	4,051	12,104
996	PARENT UNIVERSITY	1,550	-	-	1,550
997	IPAD REPAIR/REPLACE	8,038	-	191	7,846
998	LA WTON COMMUNITY SERVICES	27	-	-	27
		<u>2,092,437</u>	<u>2,339,820</u>	<u>1,856,428</u>	<u>2,575,832</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2021	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2022
U.S. Department of Education						
Direct Program						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (114,311)	\$ 295,504	\$ 246,275	\$ (65,082)
Impact Aid	84.041	591/592	\$ -	\$ 5,717,944	\$ 5,717,944	\$ -
Passed Through the Bureau of Indian Education						
Johnson-O'Malley Program	15.130	563/564	\$ 112,454	\$ 13,542	\$ 125,996	\$ -
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (67,076)	\$ 148,771	\$ 103,689	\$ (21,994)
Passed Through State Department of Education:						
		511/512/515/78				
Title I, Grants to Local Educational Agencies	84.010	6	\$ (637,351)	\$ 4,042,857	\$ 3,559,562	\$ (154,056)
		613/615/621				
Special Education - Grants to States	84.027	/625	\$ (785,101)	\$ 2,962,902	\$ 2,326,765	\$ (148,964)
COVID-19 ARP-IDEA B Flow Through	84.027X	628	-	489,844	682,555	(192,711)
COVID-19 ARP-IDEA B Flow Through Private	84.027X	629	-	-	1,287	(1,287)
COVID-19 ARP-IDEA B Preschool	84.027X	643	-	38,881	38,881	-
Special Education - Preschool Grants	84.173	641/642	(17,113)	95,280	78,167	-
Special Education Cluster			\$ (802,214)	\$ 3,586,907	\$ 3,127,655	\$ (342,962)
Title II - Part A Supporting Effective Instruction State Grants	84.367	541/786	\$ -	\$ -	\$ -	\$ -
Title III, Part A - Limited English Proficiency	84.365	571/572/786	(7,165)	58,906	55,522	(3,781)
Title IV - 21st Century Community Learning Centers	84.424	552/786	-	-	-	-
Title X - Part C McKinney Homeless	84.196	596	(14,986)	77,697	77,676	(14,965)
Title I - Part D- Prevention and Intervention	84.013	531/532/786	-	-	-	-
Title IV- Part F- Oklahoma School Climate Transformation Project	84.184F	712	29	-	29	-
			\$ (22,122)	\$ 136,603	\$ 133,227	\$ (18,746)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2021	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2022
<i>Passed Through State Department of Education:</i>						
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	793	(1,328,095)	1,690,531	362,436	-
COVID-19 Education Stabilization Fund- American Rescue Plan- Elementary and Secondary Emergency Relief (ESSER III) Funds	84.425U	795	-	22,308,589	24,210,827	(1,902,238)
COVID-19 Education Stabilization Fund- American Rescue Plan- Elementary and Secondary Emergency Relief (ESSER III) Funds- School Counselor Corps Grant	84.425U	722	-	67,660	124,000	(56,340)
COVID-19 Education Stabilization Fund- American Rescue Plan- Elementary and Secondary Emergency Relief (ESSER III) Funds- OK Paid Student Teacher Stipend	84.425U	725	-	3,498	3,498	-
COVID-19 Education Stabilization Fund- American Rescue Plan- Elementary and Secondary Emergency Relief (ESSER III) Funds- Homeless I	84.425U	796	-	50,827	65,399	(14,572)
Total COVID-19 Education Stabilization Fund (ESF)			<u>\$ (1,328,095)</u>	<u>\$ 24,121,105</u>	<u>\$ 24,766,160</u>	<u>\$ (1,973,150)</u>
<i>Passed Through State Department of Career and Vocational Education:</i>						
Job Training Department of Rehabilitation Services	84.126	456	88,184	83,747	97,596	74,335
Total U.S. Department of Education			<u>\$ (2,770,531)</u>	<u>\$ 38,146,980</u>	<u>\$ 37,878,104</u>	<u>\$ (2,501,655)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through Oklahoma State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 5,514,650	\$ 3,369,059	\$ 2,145,591
School Breakfast Program	10.553	764	-	3,193,084	3,193,084	-
Summer Food Service Program	10.559	766	(1,256)	369,309	172,528	195,525
Commodity Credit Corporation	10.555	759	-	273,615	-	273,615
<i>Passed Through Oklahoma State Department of Human Services:</i>						
Lunch Program - Commodities	10.555		57,510	502,142	559,652	-
Summer Food Service Program - Commodities	10.559		3,852	33,628	37,480	-
Child Nutrition Cluster			<u>\$ 60,106</u>	<u>\$ 9,886,428</u>	<u>\$ 7,331,803</u>	<u>\$ 2,614,731</u>
<i>Passed Through Oklahoma State Department of Education:</i>						
P-EBT Program	10.649	760	-	5,814	5,814	-
COVID-19 Emergency Operational Costs Reimbursements-Child and Adult Care Food Program	10.558	761	-	294,148	294,148	-
Child and Adult Care Food Program	10.558	769	-	8,929	8,929	-
Total U.S. Department of Agriculture			<u>\$ 60,106</u>	<u>\$ 10,195,319</u>	<u>\$ 7,640,694</u>	<u>\$ 2,614,731</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2021	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2022
U.S. Department of Health and Human Services						
<i>Passed Through Oklahoma State Department of Education:</i>						
COVID-19-CDC-Epidemiology & Laboratory Capacity-Reopening Schools	93.323	723	\$ -	\$ 500,000	\$ 500,000	\$ -
Oklahoma AWARE-Mental Health Services Programs	93.243	782	-	56,147	96,209	(40,062)
Total U.S. Department of Health and Human Services			<u>\$ -</u>	<u>\$ 556,147</u>	<u>\$ 596,209</u>	<u>\$ (40,062)</u>
U.S. Department of Homeland Security						
<i>Passed Through the Oklahoma Department of Emergency Management</i>						
FEMA-Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	594	-	18,750	18,750	-
Total U.S. Department of Homeland Security			<u>\$ -</u>	<u>\$ 18,750</u>	<u>\$ 18,750</u>	<u>\$ -</u>
Federal Communication Commission						
<i>Passed Through Universal Service Administrative Company</i>						
COVID-19 Emergency Connectivity Fund Program	32.009		-	1,241,100	1,331,631	(90,531)
Total Federal Communications Commission			<u>\$ -</u>	<u>\$ 1,241,100</u>	<u>\$ 1,331,631</u>	<u>\$ (90,531)</u>
U.S. Department of Defense						
<i>Direct Program</i>						
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- Middle Schools	12.556	777	-	-	-	-
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- Elementary Schools	12.556	775	(8,070)	77,816	87,453	(17,707)
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- High Schools	12.556	779	-	-	-	-
Invitational Grants for Military-Connected Schools-Special Education	12.557	778	-	-	-	-
Total U.S. Dept. of Defense			<u>\$ (8,070)</u>	<u>\$ 77,816</u>	<u>\$ 87,453</u>	<u>\$ (17,707)</u>
Total Expenditures of Federal Awards			<u>\$ (2,718,495)</u>	<u>\$ 50,236,112</u>	<u>\$ 47,552,841</u>	<u>\$ (35,224)</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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, 2022. 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. Encumbrances are included when paid rather than when incurred. 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.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note E: 97.036 FEMA Disaster Grants-Public Assistance

On September 20, 2021, the District entered into a State-Local Agreement with the Oklahoma Department of Emergency Management based upon damages resulting from severe winter storms that occurred February 8, 2021 through February 20, 2021. The United States President declared the DR 4587 Severe Winter Storms disaster on February 24, 2021. The District received \$18,750 from the Oklahoma Department of Emergency Management on December 22, 2021, based upon expenditures that occurred during the fiscal year ended June 30, 2021. Therefore \$18,750 of expenditures noted above were related to prior year, but not recorded on SEFA until revenues were received during FY22.

Note F: Transfers between Federal Programs

Lawton Independent School District No. 8, Comanche County, Oklahoma received \$713,612 for program Assistance Number 84.367 Title II, Part A funds, and received \$304,243 for program Assistance Number 84.424 Title IV which were allowed to be transferred to be used for Title I Assistance Number 84.010, and thus was reported above in the Title I revenues agree with corresponding expenditures.

OTHER INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Actual Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 14,965,627	\$ 14,965,627	\$ 16,149,282	\$ 1,183,655
Interest	35,000	35,000	78,722	43,722
County Revenue	2,670,000	2,670,000	2,659,519	(10,481)
State Revenue	77,486,543	77,486,543	81,436,040	3,949,497
Federal Revenue	36,997,886	36,997,886	48,294,048	11,296,162
Other	1,774,000	1,774,000	2,697,900	923,900
Total Revenue	<u>\$ 133,929,056</u>	<u>\$ 133,929,056</u>	<u>\$ 151,315,511</u>	<u>\$ 17,386,455</u>
EXPENDITURES				
Current				
Instruction	\$ 73,000,000	\$ 73,000,000	\$ 72,337,223	\$ 662,777
Support Services	61,500,000	61,500,000	61,270,595	229,405
Non-instruction Services	9,660,000	9,660,000	9,565,980	94,020
Capital Outlay	837,000	837,000	782,319	54,681
Other Outlays	7,381,607	7,381,607	1,154,821	6,226,786
Total Expenditures	<u>\$ 152,378,607</u>	<u>\$ 152,378,607</u>	<u>\$ 145,110,938</u>	<u>\$ 7,267,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (18,449,551)</u>	<u>\$ (18,449,551)</u>	<u>\$ 6,204,573</u>	<u>\$ 24,654,124</u>
Other Financing Sources				
Transfers In	\$ 240,000	\$ 240,000	-	(240,000)
Total Other Financing Sources	<u>240,000</u>	<u>240,000</u>	<u>-</u>	<u>(240,000)</u>
Net Change in Fund Balance	(18,209,551)	(18,209,551)	6,204,573	24,414,124
Fund Balance - Beginning	18,209,551	18,209,551	18,209,551	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,414,124</u>	<u>\$ 24,414,124</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –Building (Unaudited)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 2,128,930	\$ 2,128,930	\$ 17,060,887	\$ 14,931,957
Other	<u>274,000</u>	<u>274,000</u>	-	(274,000)
Total Revenue	<u>\$ 2,402,930</u>	<u>\$ 2,402,930</u>	<u>\$ 18,668,759</u>	<u>\$ 16,265,829</u>
EXPENDITURES				
Current				
Support Services	\$ 424,000	\$ 424,000	\$ 423,701	\$ 299
Capital Outlay	4,065,360	4,065,360	1,824,988	2,240,372
Other Outlays	<u>50,000</u>	<u>50,000</u>	<u>42,881</u>	<u>7,119</u>
Total Expenditures	<u>\$ 4,539,360</u>	<u>\$ 4,539,360</u>	<u>\$ 2,291,570</u>	<u>\$ 2,247,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,136,430)	(2,136,430)	16,377,189	18,513,619
Fund Balance - Beginning	<u>2,136,430</u>	<u>2,136,430</u>	<u>2,136,430</u>	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,513,619</u>	<u>\$ 18,513,619</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Statutory Fidelity and Honesty Bonds (unaudited)
 For the Year Ended June 30, 2022

<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	6/30/2021-6/30/2022
Ohio Casualty Insurance	Treasurer	32S108651	\$100,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Assistant Treasurers (2)	32S108651	\$200,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Custodian of Activity Fund	32S108651	\$10,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Asst. Custodian of Activity Fund	32S108651	\$1,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Clerk	32S108651	\$1,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Deputy Clerk	32S108651	\$1,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Minutes Clerk	32S108651	\$1,000	6/30/2021-6/30/2022
Ohio Casualty Insurance	Encumbrance Clerk	32S108651	\$1,000	6/30/2021-6/30/2022



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, 2022, 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 April 14, 2023. 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. Our report contained a qualified opinion on governmental activities because of the failure to included capital assets.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003 that we consider to be material weaknesses.

Report on 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 2022-001 and 2022-002.

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

Government Auditing Standards requires the auditor to perform limited procedures on the 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

Norman, Oklahoma
April 14, 2023



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

Adverse and Unmodified Opinions

We have audited Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

*Adverse Opinion on COVID-19 Education Stabilization Fund-Elementary and Secondary School
Emergency Relief*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, Lawton Independent School District No. 8, Comanche County, Oklahoma did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Education Stabilization Fund-Elementary and Secondary School Emergency Relief Assistance for the year ended June 30, 2022.

Adverse Opinion on COVID-19 Emergency Connectivity Fund

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, Lawton Independent School District No. 8, Comanche County, Oklahoma did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Emergency Connectivity Fund for the year ended June 30, 2022.

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 other 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, 2022.

Basis for Adverse and Unmodified Opinions

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 the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lawton Independent School District No. 8, Comanche County, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on compliance for each major federal program. Our audit does not provide a legal determination of Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on COVID-19 Education Stabilization Fund-Elementary and Secondary School Emergency Relief

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 regarding COVID-19 Education Stabilization Fund-Elementary and Secondary School Emergency Relief Assistance Listing No. 84.425D & 84.425U as described in findings numbers 2022-005 A. Activities Allowed or Unallowed and B. Allowed Costs/Cost Principles; 2022-006 & 2022-007 B. Allowed Costs/Cost Principles; 2022-008 F. Equipment/Real Property Management and 2022-009 Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for Lawton Independent School District No. 8, Comanche County, Oklahoma to comply with the requirements applicable to that program.

Matters Giving Rise to Adverse Opinion on COVID-19 Emergency Connectivity Fund

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 regarding COVID-19 Emergency Connectivity Fund Assistance Listing No. 32.009 as described in finding 2022-010 A. Activities Allowed or Unallowed; B. Allowed Costs/Cost Principles; F. Equipment/Real Property Management and N. Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for Lawton Independent School District No. 8, Comanche County, Oklahoma to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lawton Independent School District No. 8, Comanche County, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance

based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lawton Independent School District No. 8, Comanche County, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Lawton Independent School District No. 8, Comanche County, Oklahoma's response to the noncompliance findings identified in our compliance audit 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 other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 a 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 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009 and 2022-010 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Lawton Independent School District No. 8, Comanche County, Oklahoma's response to the internal control over compliance findings identified in our audit 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 other 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

Norman, Oklahoma

April 14, 2023

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I Summary of Auditor's Results

Financial Statements:

Type of audit report:	Qualified Opinion-Regulatory Basis Governmental Activities
	Unmodified Opinions-Regulatory Basis Major Funds and Aggregate Remaining Fund Information
	Adverse Opinion on U.S. General Accepted Accounting Principles.

Internal control over financial reporting:
 Material weakness(es) identified? X Yes No

Significant Deficiency(ies) identified ? Yes X None Reported

Noncompliance material to financial statement X Yes No

Federal Awards:

Internal control over major program:
 Material weakness(es) identified? X Yes No

Significant Deficiency(ies) identified ? Yes X None Reported

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

10.553; 10.555; 10.559 Child Nutrition Cluster	Unmodified
84.425D & 84.425U COVID-19-Education Stabilization Fund-Elementary & Secondary School Emergency Relief	Adverse
32.009 COVID-19 Emergency Connectivity Fund	Adverse
93.323 COVID-19-CDC-Epidemiology & Laboratory Capacity-Reopening Schools	Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)? X Yes No

Identification of Major Programs:

<u>CFDA/Assistance Number:</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555; 10.559	Child Nutrition Cluster
84.425D & 84.425U	COVID 19- Education Stabilization Fund-Elementary & Secondary School Emergency Relief (ESSER II) & Education Stabilization Fund-American Rescue Plan- Elementary & Secondary School Emergency Relief (ARP ESSER III)
32.009	COVID 19-Emergency Connectivity Fund Program
93.323	COVID-19-CDC-Epidemiology & Laboratory Capacity-Reopening Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,426,585

Auditee qualified as a low-risk auditee? Yes X No

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section II – Financial Statement Findings

2022-001 Financial Reporting

Condition: District does not report capital assets in governmental activities as required by the State Department of Education.

Criteria: Internal controls over capital assets aids in proper reporting as required by the State Department of Education regulations.

Context: District did not have complete capital asset records that reflected the true activity of the District.

Cause: District had software conversion beginning of FY22 and data transfer had glitches as well as not capturing current activity properly. Unable to determine final FY22 balances.

Effect: Failure to have controls in place and thus out of compliance.

Recommendation: We recommend that procedures be implemented to properly track capital assets. We also recommend that the reconciliation process be completed to ensure activity to records have been properly captured.

*Views of Responsible
Officials And Planned*

Corrective Action: Lawton Public Schools changed inventory software in FY22. Errors occurred in the transfer of data resulting in an inability to accurately determine FY22 final balances for capital assets. District Financial reporting and procurement procedures have been updated and implemented to properly track capital assets including procedures for the reconciliation process.

2022-002 Coding of Revenues and Expenditures

Condition: Federal revenues and expenditures were not properly coded as federal in the Oklahoma Cost Accounting System (OCAS).

Criteria: Oklahoma Administrative Code (OAC) 210:25-5-4a The financial structure of an Oklahoma public school district consists of various classifications as referenced in Oklahoma Administrative Code (OAC) 210:25-7-1, (Oklahoma Cost Accounting System [OCAS]). School District accounting systems shall be organized and operated on a basis that assures legal compliance by the recording and summarizing of financial transactions within funds, each of which is

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

completely independent of any other. Each fund shall account for and continually maintain the identity of its revenues and expenditures.

Cause: The funds were from a new pass-through entity and were not identified in the OCAS manual of revenue source code or expenditure project code and not identified by the District and thus were not coded as federal, which resulted in not being included as federal revenue or federal expenditures in data submitted to State Department of Education.

Effect: Incorrect reporting of revenues and expenditures submitted to the State Department of Education.

Recommendation: We recommend that all federal funds be properly coded in OCAS. We also recommend that procedures be implemented for all new revenue received to determine source of funds are properly coded when received and used.

*Views of Responsible Officials
and Planned Corrective*

Action: Lawton Public Schools received funds from a pass-thru entity. The funds were not clearly identified as federal and no CFDA number was provided. This resulted in incorrect reporting of revenues and expenditures. The finance department has updated and implemented procedures that assist in determining the source of funds and proper coding in OCAS.

2022-003 Purchasing Procedures

Material Weakness: As Discussed in Finding 2022-005 noted below in Federal Award Findings and Questioned Cost section, procedures over appropriate supervisory approval were not followed. Because of this failure, invoices were paid without proper support or paid twice in error. Procedures should be implemented to require proper staff approvals before invoices are processed for payment.

Section III – Federal Award Findings and Questioned Costs

Questioned Costs

Overall Federal Program Finding

2022-004 Preparation of Schedule of Expenditures of Federal Awards (SEFA)

Condition: Federal award was not properly coded as federal in the Oklahoma Cost Accounting System (OCAS).

Criteria: CFR 200.510b Schedule of expenditures of federal awards. The auditee must prepare a schedule of expenditures of Federal Awards for the period covered by the auditee's financial statements which

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

must include the Total Federal Awards expended as determined in accordance with §200.502 basis for determining Federal Awards expended.

Cause: The funds were from two new pass thru entities and was not identified in the OCAS manual of revenue source code or expenditure project code and not identified by the District and thus was not coded as federal, which resulted in not being included on the federal determination letter used for SEFA preparation and were not identified specifically in OCAS as a federal revenue source.

Effect: Understatement of federal expenditures on Schedule of Expenditures of Federal Awards.

Recommendation: We recommend that all federal funds be properly coded in OCAS. We also recommend that procedures be implemented for all new revenue received to determine source of funds are properly coded when received and used.

*Views of Responsible Officials
and Planned Corrective*

Action: Lawton Public Schools received funds from a pass-thru entity. The funds were not clearly identified as federal and no CFDA number was provided. This resulted in incorrect reporting of revenues and expenditures. The finance department has updated and implemented procedures that assist in determining the source of funds and proper coding in OCAS.

U.S. Department of Education

2022-005

Federal Agency: U.S. Department of Education

Pass Thru Entity: Oklahoma State Department of Education

Program: COVID-19 Education Stabilization Fund

Assistance Listing: COVID-19- 84.425D & 84.425U

Grant Period: Year ending June 30, 2022

Condition: Expenditures were paid without supporting invoices and proper District authority's approval.

Criteria: 2 CFR §200.403 (g) Costs that meet general criteria in order to be allowable under federal awards must be adequately documented.

Cause: Procedures in place for proper approval and documentation were not followed.

Effect: The expenditures may be disallowed.

Context: A sample of 32 expenditures totaling \$3,037,928 was selected for audit from a population of \$9,261,024. The test found 25 items that

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

were not in compliance with questioned costs totaling \$107,000.

\$107,000

Recommendation Expenditures should not be paid without the proper approval and supporting invoices. The District should follow procedures regarding requiring appropriate staff with authority to approve expenditures and requiring support for expenditures.

Repeat Finding from Prior Year: No

*Views of Responsible
Officials And Planned
Corrective Action:*

Certain one-time COVID funds required several departments to make purchases. The lack of specific and clear guidance as to which department was directly responsible resulted in questioned expenditures. District Financial procurement procedures have been updated and implemented that require all federal expenditures to be approved through Lawton Public Schools' Federal Programs office. In addition, all supporting invoices for said expenditures must be provided to and approved by Lawton Public Schools' Federal Programs office. Lawton Public Schools will reimburse the State Department of Education for the total of these questioned costs.

2022-006

Federal Agency: U.S. Department of Education
Pass Thru Entity: Oklahoma State Department of Education
Program: COVID-19 Education Stabilization Fund
Assistance Listing: COVID-19- 84.425D & 84.425U
Grant Period: Year ending June 30, 2022

Condition: Payroll expenditures did not have time and effort documentation.

Criteria: 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.

Cause: Employees charged to program left before the semi-annual time and effort was completed according to District policy.

Effect: The expenditures may be disallowed.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Context: A sample of 28 expenditures totaling \$378,391 was selected for audit from a population of \$11,846,116. The test found 2 items that were not in compliance with questioned costs totaling \$9,549.

\$9,549

Recommendation Time and effort documentation needs to be maintained for payroll expenditures charged to federal awards. The District needs to time and effort documentation to a monthly process if hourly employees.

Repeat Finding from Prior Year: Yes; 2021-004

*Views of Responsible
Officials And Planned*

Corrective Action: This is a repeat finding from FY2021 (2021-004). The finding was identified during our 2021 audit and corrected in March of 2022. It is important to note that, 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 stated 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 2021 was complete and 2022 was significantly underway, the auditor indicated that time-and-effort was required and the auditor stated that SDE agreed. Therefore, the district began obtaining time-and-effort for employees paid with federal funds in March of 2022, regardless of SDE and USDE guidance stating otherwise.

2022-007 **Federal Agency:** U.S. Department of Education
Pass Thru Entity: Oklahoma State Department of Education
Program: COVID-19 Education Stabilization Fund
Assistance Listing: COVID-19- 84.425D & 84.425U
Grant Period: Year ending June 30, 2022

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

Criteria: 34 CFR 76.569a Indirect costs= (restricted indirect cost rate) x (total direct costs of the grant minus capital outlays, subgrants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement).

Lawton Independent School District No. 8
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Year Ended June 30, 2022

Cause: Failure to properly exclude construction activities from direct costs before the indirect costs were claimed.

Effect: Indirect costs reimbursements were in excess of allowable amounts and may have to be returned.

Context: Total expenditures, net of indirect cost and equipment capital expenditures, claimed were \$23,578,870. Total construction capital expenditures claimed in this total were \$2,341,866. The approved indirect cost rate was 2.74%. Total claimed indirect costs were \$630,897. After excluding construction capital expenditures, overclaimed indirect cost found not to be in compliance was \$49,003

\$49,003

Repeat Finding from Prior Year: Yes; 2021-005

Recommendation Indirect costs should be claimed in accordance with allowable cost principles. Construction capital expenditures should be excluded from costs included in indirect cost claims.

*Views of Responsible
Officials And Planned*

Corrective Action: Lawton Public Schools utilized the Oklahoma State Department of Education's guidance and charged indirect costs for "capital expenditures" and received reimbursement for those direct costs. The auditor has identified \$49,003 as unallowable. Lawton Public Schools will reimburse the State Department of Education for the total of these unallowable costs regardless of SDE's guidance stating otherwise.

2022-008

Federal Agency: U.S. Department of Education
Pass Thru Entity: Oklahoma State Department of Education
Program: COVID-19 Education Stabilization Fund
Assistance Listing: COVID-19- 84.425D & 84.425U
Grant Period: Year ending June 30, 2022

Condition: Property acquired with federal funds were not tracked in property records.

Criteria: 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, percentage of the federal project costs under which property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Cause: Failure to identify construction in progress as capital outlay for property.

Effect: The expenditures may be disallowed.

Context: A sample of \$2,908,079 was selected for audit from a population of \$3,035,125. The test found \$2,341,866 was not in compliance.

\$2,341,866

Repeat Finding from Prior Year: Yes; 2021-006

Recommendation We recommend that property be properly tracked. We also recommend reconciliations procedures be implemented of property paid with federal funds and federal property listing.

Views of Responsible Officials And Planned

Corrective Action: Lawton Public Schools failed to identify “Construction in Progress” paid for with federal funds as federal. Procedures will be updated to ensure “Construction in Progress” paid with federal funds is identified and recorded as federal immediately rather than at the completion of the construction.

While this finding is identified as a repeat finding from FY2021 (2021-006), the prior year was in reference to fixed assets while this year’s finding is in reference to “Construction in Progress”.

2022-009

Federal Agency: U.S. Department of Education

Pass Thru Entity: Oklahoma State Department of Education

Program: COVID-19 Education Stabilization Fund

Assistance Listing: COVID-19- 84.425D & 84.425U

Grant Period: Year ending June 30, 2022

Condition: Construction projects did not obtain certified payrolls documenting compliance with wage rate requirements.

Criteria: 29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted construction requires that nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (Which still may be referenced as Davis-Bacon Act). Which includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each which in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Cause: The District had a letter from the contractor certifying compliance with Davis-Bacon Act but were unaware of need to obtain certified payrolls.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Effect: The expenditures may be disallowed.
Context: Unable to determine labor costs included in applications for payment from the contractor.

Repeat Finding from Prior Year: No

Recommendation Obtain certified payrolls for construction projects funded with federal awards. Determine that contracts for construction using federal funds include the appropriate clauses to be in compliance with federal procurement guidelines.

Views of Responsible Officials And Planned

Corrective Action: Lawton Public Schools obtained contractor certification of Davis-Bacon Act compliance, but did not obtain certified payrolls. The district identified this issue early in FY23 and immediately changed funding sources for the project. District construction bidding procedures for federally funded construction have been updated to include verbiage required by the Davis-Bacon Act.

Total – U.S. Department of Education \$2,341,866

Federal Communication Commission

2022-010 **Federal Agency:** Federal Communication Commission
Pass Thru Entity: Universal Service Administrative Company
Program: COVID-19 Emergency Connectivity Fund Program
Assistance Listing: 32.009
Grant Period: Year ending June 30, 2022

Condition: Devices/Services acquired with federal funds were not tracked to appropriate population of unmet needs.

Criteria: FCC-ECF Program is to fund devices and services must be used primarily for off-campus educational purposes and by students, school staff with otherwise unmet needs; Who would otherwise lack access to connected device and/or broadband connectivity sufficient to engage in remote learning. Also requires that on device and service per user. 47 CFR 54.1715 Records retention—a) equipment and service inventory requirements. Schools, libraries and consortia shall keep asset and service inventories identified with the eligible student or staff member.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Cause: The District failed to properly track the devices/services to the eligible population.

Effect: The expenditures may be disallowed.

Context: All expenditures related to the purchasing of devices or services were tested. 3900 Devices were purchased, and 1,877 devices were found not to be in compliance resulting in questioned costs of \$557,333. Services provided of 5 months were not tracked and resulted in \$90,531 of questioned costs.

\$647,864

Repeat Finding from Prior Year: No

Recommendation Assets acquired with federal funds need to be tracked following the guidelines of the award. The District needs to develop procedures to identify devices/services are distributed to eligible students/staff as required by program.

Views of Responsible

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Corrective Action: Lawton Public Schools procedures require tracking of items with an acquisition cost of \$5,000 or higher. These one-time FCC-ECF funds included specific criteria requiring specific tracking of all purchases including hotspots. These criteria were not identified immediately by the district. The district has updated procedures to include the tracking of all of these items even though they do not have an acquisition cost of \$5,000 or higher.

Total – Federal Communication Commission

\$647,864

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Section II – Financial Statement Findings

2021-001 Purchase Orders

Condition: Purchasing policy was not being followed.

Recommendation: The Auditor recommended that the purchasing policy be followed. The Auditor also recommended that the policy regarding sole source be better defined and followed.

Status: No such condition noted in current year

2021-002 Overtime Pay

Condition: Overtime pay was not paid properly.

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

Status: No such condition noted in current year

2021-003 Employment Contracts

Condition: Employment contract could not be located

Recommendation: The Auditor recommended that employment contracts be properly maintained. The Auditor recommended that procedures be updated to ensure all contracts are properly filed.

Status: No such condition noted in current year

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)**

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

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.

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

Status: No such condition noted in current year except Time and Effort portion, see 2022-006

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.

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

Status: Conditions still exists see 2022-007

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.

Recommendation: The Auditor recommended prior approval from awarding agency be obtained for equipment to be purchased and that all such equipment, once approved, be properly tracked. The Auditor also recommended that recording of expenditures

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

not occur without determination that expenditure will meet the requirements of Uniform Guidance.

Status: Conditions still exists see 2022-008

2021-007 All Federal Programs -- Procurement

Condition: The District did not have procurement policies in place for federal expenditures.

Recommendation: The Auditor recommended that the District have procurement policies in place. The Auditor recommended that these policies comply with the purchasing thresholds within Uniform Guidance.

Status: No such condition noted in current year

2021-008 All Federal Programs -- Allowability

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

Recommendation: The Auditor recommended that the District implement new policies to ensure that all purchases federal and nonfederal are treated uniformly.

Status: No such condition noted in current year

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

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Lawton Independent School District No. 8 for the audit year 2021-2022.

MARY E. JOHNSON & ASSOCIATES, PLLC

BY: Mary E Johnson
Authorized Agent

Subscribed and sworn to before me on this 17 day of April, 2023.

[Signature]
Notary Public

Commission Number: 20004372

My commission expires on: 23rd day of April, 2023.

PATRICIA CLEMENT
Notary Public, State of Oklahoma
Commission # 20004372
My Commission Expires 04-23-2024