

This Preliminary Official Statement and the information contained herein is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2020

NEW ISSUE – Book-Entry Only

**Ratings: S&P: A+
Oklahoma #1**

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the School District (“Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In the opinion of Bond Counsel, interest on the Bonds is exempt from State of Oklahoma income tax under existing law. See “TAX MATTERS” herein.

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

**INDEPENDENT SCHOOL DISTRICT NUMBER 8
COMANCHE COUNTY, OKLAHOMA
(Lawton School District)**

\$8,000,000

Combined Purpose General Obligation Bonds, Series 2020A

Dated: March 1, 2020

Due: March 1, As Shown Below

Interest on the \$8,000,000 Independent School District Number 8, Comanche County, Oklahoma, Combined Purpose General Obligation Bonds, Series 2020A (the “Bonds” or the “2020A Combined Purpose Bonds”) will accrue from March 1, 2020, (the “Dated Date”) and will be payable March 1 and September 1 of each year commencing March 1, 2021, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company (“DTC”) pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “The Bonds – Book-Entry Only System” herein. The initial Paying Agent/Registrar is BancFirst (the “Paying Agent/Registrar”).

The 2020A Combined Purpose Bonds constitute direct and general obligations of Independent School District No. 8 of Comanche County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2020A Combined Purpose Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 200003</u>
3-1-2022	\$2,000,000			
3-1-2023	\$2,000,000			
3-1-2024	\$2,000,000			
3-1-2025	\$2,000,000			

The 2020A Combined Purpose Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and The Public Finance Law Group PLLC, Oklahoma City, Oklahoma, Bond Counsel. It is anticipated that the 2020A Combined Purpose Bonds in definitive form will be available for delivery on or about April 2, 2020.

Financial Advisor

BOK Financial Securities, Inc.

Official Statement Dated: February __, 2020

REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2020A Combined Purpose Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in this Official Statement, including the cover page and appendices hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any time subsequent to its date.

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 8 of Comanche County, Oklahoma, and the purchasers or holders of any of the 2020A Combined Purpose Bonds.

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12(B)(1) OF THE SECURITIES AND EXCHANGE COMMISSION, THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL (EXCEPT FOR PERMITTED OMISSIONS) AS OF THE DATE HEREOF; HOWEVER, IT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION AS A FINAL OFFICIAL STATEMENT.

TABLE OF CONTENTS

Introduction	1
The Bonds.....	1
The Lawton School District	6
Financial Information.....	7
Economic Indices	12
Absence of Material Litigation.....	14
Legal Matters	14
Continuing Disclosure	14
Tax Matters	14
Credit Ratings	17
Underwriting	17
Financial Advisor.....	17
Miscellaneous	18
Appendix A – Continuing Disclosure Agreement	
Appendix B – Financial Information and Operating Data	
Appendix C – Financial Statements with Accountants Report for the Year Ended June 30, 2018.	

OFFICIAL STATEMENT

INDEPENDENT SCHOOL DISTRICT NO. 8 COMANCHE COUNTY, OKLAHOMA (Lawton School District)

\$8,000,000

Combined Purpose General Obligation Bonds, Series 2020A

INTRODUCTION

Independent School District No. 8 of Comanche County, Oklahoma, also known as the Lawton School District (the "School District") is issuing its \$8,000,000 Combined Purpose General Obligation Bonds, Series 2020A (the "Bonds" or the "2020A Combined Purpose Bonds") to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the School District. The 2020A Combined Purpose Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2020A Combined Purpose Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District, the tenth largest in the State of Oklahoma, is located in the southwest part of the state approximately 87 miles southwest of Oklahoma City. The School District, encompassing approximately 182 square miles, serves the City of Lawton (estimated 2018 population of 92,859 according to the U.S. Census Bureau), the County Seat of Comanche County, and the surrounding rural area in Comanche County. The U.S. Census Bureau estimates the 2018 population of the School District to be approximately 89,878. The U.S. Census Bureau has not yet published 2019 population estimates for the City of Lawton or the School District.

The School District has included herein as Appendix C, a copy of its Financial Statements as of June 30, 2018 together with Auditor's Report. Appendix C should be read in its entirety.

THE BONDS

Description

The 2020A Combined Purpose Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from March 1, 2020, and will be payable March 1 and September 1 of each year commencing March 1, 2021, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book-Entry Only System" herein.

Redemption Prior to Maturity

The 2020A Combined Purpose Bonds are not subject to redemption prior to maturity.

Registration

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will

not receive certificates representing their interest in the Bonds purchased. See “Book-Entry Only System” below.

The Bonds are transferable by their registered owner(s) in person or by their attorney(-ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

Book-Entry Only System

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s Book-Entry Only system has been obtained from DTC, and the School District and the Underwriters take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of Book-Entry Only transfers through DTC (or a successor securities depository). In that event, Series Bond certificates will be printed and delivered to DTC.

The School District, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Bonds: (i) payments of principal of or interest on the Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Bonds; or that they will do so on a timely basis or that DTC or

its participants will serve and act in the manner described in this official statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

Security for the Bonds

The Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to reassess the property within the County at least once each five years. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Comanche County are shown below:

	<u>Comanche County</u>
Real Estate	11.25%
Personal	11.25%
Public Service Property*	22.85%

Source: Comanche County Assessor.

The Sinking Fund ad valorem tax rates are set by determining the actual dollars of revenues required for payment of principal and interest payments on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contribution made into the Sinking Fund. To the resulting net requirements, a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes 2011, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on February 20, 2020.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose.

2014 Authorization

The School District had a successful election on April 1, 2014. The special election authorized the issuance, in separate series, by the School District of a total of \$28,760,000 in bonds. The School District has previously issued \$21,050,000 of bonds authorized at this election.

The 2020A Combined Purpose Bonds include \$4,570,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in a separate series during 2021.

2017 Authorization

The School District had a successful election on November 14, 2017. The special election authorized the issuance, in separate series, by the School District of a total of \$99,500,000 in bonds. The School District has previously issued \$14,745,000 of bonds authorized at this election.

The 2020A Combined Purpose Bonds include \$3,430,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in varying amounts and in separate series annually from 2021 to 2028.

Tax Levy and Collection Procedures

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

After review and approval by the Board of Education of the School District, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy appropriations. This submission is required to be made by September 1st of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the Sinking Fund. The amounts contained in the estimate of needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the estimate of needs is being submitted. The County Excise Board further certifies that the appropriations contained in the estimate of needs and the mill rate levies are within the limitations provided by law.

The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer must begin collecting taxes by July 1. The first half of taxes is due and payable on or before January 1. The second half becomes due and payable on or before April 1. If the first half is not paid by January 1, it all becomes due and payable on January 2.

Ad valorem taxes not paid on or before April 1 are considered delinquent. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The purchaser is issued a tax lien; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes and penalties owed. If at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the County acquires the same lien and the property is auctioned after approximately two and one-half (2 1/2) years.

Record Date

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

THE LAWTON SCHOOL DISTRICT

The Lawton School District, an area of approximately 182 square miles, is located in southwestern Oklahoma approximately 87 miles southwest of the City of Oklahoma City. The U.S. Census Bureau estimates the 2018 population of the School District to be approximately 89,878. The School District employs approximately 900 certified teachers and has an enrollment of approximately 13,679 (projected enrollment for school year 2019-20 based on October 1, 2019 figures) across 17 elementary schools, four middle schools, one alternative high school, and three high schools. The School District also operates pre-kindergarten programs and collaborates with a private entity to offer services to four-year-olds throughout the community. The School District is fully accredited by the Oklahoma State Department of Education.

Residents of the School District are employed at businesses located throughout the Lawton Metropolitan Statistical Area. No separate employment figures are available for the School District; however, recent (December 2019) local, State, and National unemployment are as follows:

	<u>Unemployment Rate</u>
Lawton Metropolitan Statistical Area	3.3%*
Comanche County	3.3%*
State of Oklahoma	3.2%*
United States	3.2%

Data not seasonally adjusted.

* Preliminary.

Source: U.S. Bureau of Labor Statistics.

Board of Education and School Administration

The School District is governed by an elected five-member Board of Education. Members of the Board of Education are as follows.

Board of Education

Carla Clodfelter	President and Member
Patty Neuwirth	Vice-President and Member
Kelly Edwards	Member
Mary Bradley	Member
Kent Jester	Member
Kathy Bentley	Clerk and Non-Member

School Administration

Dr. Tom Thomas	Interim Superintendent of Schools
Lance Gibbs	Interim Comptroller

Payment Record

The School District has never defaulted.

FINANCIAL INFORMATION

Compliance with Constitutional Debt Limitation

2019-20 Estimated Market Value	\$4,003,871,264
2019-20 Assessed Valuation, including Homestead & Other Exemptions	\$467,385,917
2019-20 Assessed Valuation, excluding Homestead & Other Exemptions	\$423,998,665

Comanche County has held an election under Oklahoma Constitution Article X, Section 6(B) approving an exemption of certain household and personal property from ad valorem taxation. Accordingly, Comanche County has calculated the “millage adjustment factor” to be applied to debt percentage limits under Article 10, Section 26(b), resulting in an adjusted debt limit. The adjusted debt limit is as follows:

County	District Net Assessed Valuation	District Unadjusted Legal Debt Limit¹	Millage Adjustment Factor	District Adjusted Legal Debt Limit²
Comanche County	\$423,998,665	\$42,399,867	1.019013734	\$43,206,046

- (1) Net Assessed Valuation times 10%.
 (2) District Unadjusted Legal Debt Limit times Millage Adjustment Factor.

General Obligation Bonds Outstanding*	\$30,885,000
Less: Estimated Sinking Fund Balance (January 27, 2020)	9,000,000
Net General Obligation Bonds Outstanding	\$21,885,000
Remaining Legal Debt Margin	\$21,321,046
Ratio of Net G.O. Indebtedness to NAV	5.16%
Ratio of Net G.O. Indebtedness to Estimated Full Market Value	0.55%

* This figure is as of February 11, 2020, and includes the 2020A Combined Purpose Bonds.
 Source: School District

Authorized but Unissued Bonds

2014 Authorization

The School District had a successful election on April 1, 2014. The special election authorized the issuance, in separate series, by the School District of a total of \$28,760,000 in bonds. The School District has previously issued \$21,050,000 of bonds authorized at this election.

The 2020A Combined Purpose Bonds include \$4,570,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in a separate series during 2021.

2017 Authorization

The School District had a successful election on November 14, 2017. The special election authorized the issuance, in separate series, by the School District of a total of \$99,500,000 in bonds. The School District has previously issued \$14,745,000 of bonds authorized at this election.

The 2020A Combined Purpose Bonds include \$3,430,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in varying amounts and in separate series annually from 2021 to 2028.

Composition and Growth of the Net Assessed Valuation

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2019-20 is as follows:

<u>Property</u>	<u>Comanche County</u>	<u>Percentage</u>
Real	\$359,836,193	84.87%
Personal	\$30,773,107	7.26%
Public Service	\$33,389,365	7.87%
TOTAL	\$423,998,665	100.00%

The growth of the Net Assessed Valuation of the School District for the past ten years has been as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2019-2020	\$423,998,665	2014-2015	\$416,337,318
2018-2019	\$430,288,210	2013-2014	\$435,174,891
2017-2018	\$431,291,108	2012-2013	\$428,900,237
2016-2017	\$428,788,793	2011-2012	\$420,680,653
2015-2016	\$422,791,720	2010-2011	\$408,988,549

During this period, the Net Assessed Valuation of the School District increased \$15,010,116 or 3.67%.

General Obligation Bonded Debt Outstanding*

<u>Date of Issuance</u>	<u>Original Principal Amount</u>	<u>Remaining Maturities</u>	<u>Maturity Dates</u>	<u>Total Outstanding</u>
3/1/16	\$5,085,000	\$1,695,000	3/1/20	\$1,695,000
5/1/17	\$4,470,000	\$2,250,000	5/1/20	\$2,250,000
12/1/17	\$3,775,000	\$1,255,000	12/1/20	
		\$1,265,000	12/1/21	\$2,520,000
2/1/18	\$3,060,000	\$1,020,000	2/1/21-22	\$2,040,000
3/1/19	\$14,380,000	\$3,595,000	3/1/21-24	\$14,380,000
3/1/20	\$8,000,000	\$2,000,000	3/1/22-25	\$8,000,000
TOTAL				\$30,885,000

* Debt figures are as of February 12, 2020, and include the 2020A Combined Purpose Bonds.

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		2020A Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2019-2020	\$3,945,000.00	\$576,455.00			\$4,521,455.00
2020-2021	\$5,870,000.00	\$385,912.50		\$160,000.00	\$6,415,912.50
2021-2022	\$5,880,000.00	\$251,912.50	\$2,000,000.00	\$160,000.00	\$8,291,912.50
2022-2023	\$3,595,000.00	\$143,800.00	\$2,000,000.00	\$120,000.00	\$5,858,800.00
2023-2024	\$3,595,000.00	\$71,900.00	\$2,000,000.00	\$80,000.00	\$5,746,900.00
2024-2025			\$2,000,000.00	\$40,000.00	\$2,040,000.00
TOTAL	\$22,885,000.00	\$1,429,980.00	\$8,000,000.00	\$560,000.00	\$32,874,980.00

*The average annual interest rate on the bonds is assumed to be 2.00%.

Net Direct, Overlapping and Underlying General Obligation Bonded Indebtedness

Municipality	Net Indebtedness	Amount Applying to the District	Ratio to Assessed Value of the District	Estimated Per Capita Debt
Lawton School District	\$21,885,000	\$21,885,000	5.16%	\$243.50
City of Lawton	\$19,396,540	\$18,671,091	4.40%	\$207.74
Comanche County	\$0	\$0	0.00%	\$0.00
TOTAL	\$41,281,540	\$40,556,091	9.57%	\$451.23

Debt figures for the School District are as of January 27, 2020 and include the 2020A Combined Purpose Bonds.

Debt figures for all other entities are as of June 30, 2019.

Estimated per capita debt based on 2018 School District estimated population of 89,878 (source: U.S. Census Bureau).

(Remainder of this page intentionally left blank)

Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2019-2020	\$7,584,863	\$7,964,106	In Process	
2018-2019	\$5,459,668	\$5,732,651	\$5,732,921	\$5,830,114
2017-2018	\$3,037,502	\$3,189,377	\$3,187,533	\$3,295,730
2016-2017	\$3,682,211	\$3,866,321	\$3,865,590	\$3,963,686
2015-2016	\$3,299,215	\$3,464,176	\$3,477,466	\$3,559,343
2014-2015	\$2,446,505	\$2,568,831	\$2,592,689	\$1,025,016
2013-2014	\$2,466,550	\$2,589,878	\$2,491,008	\$2,567,783

* Collection percentage is determined utilizing total collections. Five percent (5%) is added to the net levy to compensate for expected delinquencies during the collection process.

Source: School District Administration and budgets.

Percentages of Taxes Collected

The ratio of Current and Total Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collection to Net Levy	Ratio of Total Tax Receipts to Net Levy
2018-2019	105.00%	106.79%
2017-2018	104.94%	108.50%
2016-2017	104.98%	107.64%
2015-2016	105.40%	107.88%
2014-2015	105.98%	41.90%
2013-2014	100.99%	104.10%

Source: School District Administration and budgets.

The ratio of Current and Total Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collection to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2018-2019	100.00%	101.70%
2017-2018	99.94%	103.33%
2016-2017	99.98%	102.52%
2015-2016	100.38%	102.75%
2014-2015	100.93%	39.90%
2013-2014	96.18%	99.15%

Source: School District Administration and budgets.

Trend of Tax Rates: Major Taxing Units

(For those residing in the School District and in the City of Lawton)

Fiscal Year	Lawton School District	City of Lawton	Comanche County	Technology Center	Total Levy
2010-2011	48.60	9.07	16.88	14.25	88.80
2011-2012	45.16	9.40	16.88	14.25	85.69
2012-2013	48.41	7.27	16.88	14.25	86.81
2013-2014	46.72	10.45	16.88	14.25	88.30
2014-2015	46.94	10.46	16.88	14.25	88.53
2015-2016	48.96	9.29	16.88	14.25	89.38
2016-2017	49.79	7.00	16.88	14.25	87.92
2017-2018	48.16	6.30	16.88	14.25	85.59
2018-2019	54.09	13.35	16.88	15.25	99.57
2019-2020	59.55	9.29	16.88	15.25	100.97

Dollars per \$1,000 of Net Assessed Valuation.

Source: Comanche County Assessor.

School District General Fund Revenues and Expenditures

Fiscal Year Ending June 30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Total Other Financing Sources(Uses)	Ending General Fund Balance
2014*	\$2,333,882	\$114,552,365	\$113,436,275	\$580,604	\$4,030,576
2015	\$4,030,576	\$113,551,688	\$109,636,316	\$499,073	\$8,445,021
2016	\$8,445,021	\$114,298,155	\$110,948,975	\$704,141	\$12,498,342
2017	\$12,498,342	\$112,025,361	\$108,022,781	\$356,085	\$16,857,007
2018	\$16,857,008	\$110,235,325	\$109,390,614	\$307,679	\$18,009,398
2019	\$18,009,398	\$120,867,693	\$124,666,577	\$325,769	\$14,536,283

* In previous years, the District prepared its financial statements using generally accepted accounting principles. In 2014, the District adopted a policy of preparing its financial statements of the basis of the financial reporting provisions of the Oklahoma State Department of Education. As a result, the beginning fund balance for 2014 was restated.

Detail of School District General Fund Revenues

Fiscal Year Ending June 30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2014	\$18,248,017	\$2,338,054	\$73,181,936	\$20,784,358	\$114,552,365
2015	\$17,698,301	\$2,359,094	\$73,690,284	\$19,804,009	\$113,551,688
2016	\$18,500,390	\$2,459,537	\$71,757,046	\$21,580,642	\$114,298,155
2017	\$18,198,795	\$2,377,734	\$70,124,164	\$21,324,668	\$112,025,361
2018	\$17,943,124	\$2,346,482	\$69,816,478	\$20,098,471	\$110,204,555
2019	\$18,157,087	\$2,353,065	\$79,128,429	\$21,229,112	\$120,867,693

School Enrollment Trend

School Year	Total Enrollment	Percentage Change
2009-2010	16,139	-1.40%
2010-2011	15,810	-2.04%
2011-2012	15,679	-0.83%
2012-2013	15,456	-1.42%
2013-2014	15,262	-1.26%
2014-2015	14,998	-1.73%
2015-2016	14,823	-1.17%
2016-2017	14,437	-2.60%
2017-2018	13,819	-4.28%
2018-2019	13,799	-0.14%

Source: School District Administration.

School Enrollment Projection

School Year	Total Enrollment	Percentage Change
2019-2020	13,700	-0.72%
2020-2021	13,600	-0.73%
2021-2022	13,500	-0.74%
2022-2023	13,500	0.00%
2023-2024	13,500	0.00%

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)*

	December 2019	November 2019	December 2018
United States	3.5%	3.6%	3.8%
State of Oklahoma	3.3%	3.3%	3.4%
Comanche County	3.7%	3.7%	3.9%
Lawton MSA	3.7%	3.7%	3.9%

* Not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics and Oklahoma Employment Security Commission

Sales Tax Collections – City of Lawton

Fiscal Year Ending June 30	Sales Tax Collections
2010	\$40,869,258
2011	\$43,621,800
2012	\$44,187,777
2013	\$43,273,327
2014	\$44,976,646
2015	\$45,694,939
2016	\$45,404,752
2017	\$44,671,948
2018	\$44,641,897
2019	\$45,762,412

FY 2010 amount reflects eight months at 3.625% and four months at 4.125%.

Source: Oklahoma Tax Commission.

Retail Sales – City of Lawton

Fiscal Year Ending June 30	Retail Sales
2010	\$1,066,066,289
2011	\$1,057,498,182
2012	\$1,071,218,836
2013	\$1,049,050,352
2014	\$1,090,342,933
2015	\$1,107,756,097
2016	\$1,100,721,261
2017	\$1,082,956,315
2018	\$1,082,227,796
2019	\$1,109,391,805

Based on sales tax revenues returned to the City.
Source: Oklahoma Tax Commission.

Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Public Service Co. of OK	Electric Utility	\$23,175,105
MPT of Lawton-Lima, LLC	Southwestern Medical Center	\$5,949,546
The Fort Sill Apache Tribe	Tribal Government	\$2,668,186
The Flats at Mac, LLC	Apartments	\$2,553,027
Fidelity Cablevision, Inc.	Cable/Internet	\$2,468,814
Centerpoint Energy Arkla	Electric Transmission	\$2,313,472
Cornerstone Lawton LLC	Apartments	\$2,264,728
Central Mall Lawton Realty Holding, LLC	Retail	\$1,980,645
Fort Sill Apache Econ Dev Authority	Tribal Government/Entertainment	\$1,962,425
ARCP MT Lawton OK LLC	Apartments	\$1,915,723
Total Net Assessed Valuation of Top Ten Taxpayers		\$47,251,671
Percentage of School District's Net Assessed Valuation		11.14%

Source: Comanche County Assessor.

Largest Employers

In addition to Fort Sill (the City of Lawton's largest employer), Lawton is home to several other large employers, including the largest Goodyear Tire & Rubber plant in North America and Bar-S Foods, a leading meat processing company. Serco, Inc. expanded to Lawton in late 2013 to service a contract with the U.S. Department of Health and Human Services' Center for Medicare & Medicaid Services supporting health benefit exchanges. Lawton is also home to Cameron University, which attracts students from across Oklahoma, the nation, and more than 40 different countries. In 2014, Military.com listed Lawton as one of the top 10 cities in the United States to find a job; Lawton ranked sixth on the list and second in job growth. In 2016, the Association of Defense Communities and the Defense Communities Caucus designated Lawton as a 'Great American Defense Community' for providing unwavering support to service members and their families.

Source: Lawton-Fort Sill 2019 Economic Review & Forecast.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2020A Combined Purpose Bonds, (b) contesting or affecting any authority for or the validity of the 2020A Combined Purpose Bonds, (c) contesting the power of the School District to issue the 2020A Combined Purpose Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2020A Combined Purpose Bonds, or (e) contesting the corporate existence or boundaries of the School District.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2020A Combined Purpose Bonds are subject to the approving opinion of The Public Finance Law Group PLLC, Oklahoma City, Oklahoma, Bond Counsel and the Attorney General of the State of Oklahoma.

CONTINUING DISCLOSURE

The School District has covenanted for the benefit of Bondholders to submit to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system certain financial information and operating data relating to the District by not later than ten months following the end of its fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events specified in paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission within 10 business days of the occurrence of the applicable event. The specific nature of the information to be contained in the Annual Report and descriptions of the enumerated events is summarized below under the caption "APPENDIX A – Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

A failure by the School District to comply with the Continuing Disclosure Certificate will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Certificate. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Rule requires that an issuer or other obligated party disclose in its official statement any instances in the previous five years in which such issuer or obligated party failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5) or (d)(2) of the Rule. In connection with one or more of the District's previous bond issues or bond issues of an authority issued on behalf of the District, the District entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) or (d)(2) of the Rule. The District notes that with respect to such Undertakings associated with the General Obligation Bonds issued directly by the District, it failed to file its updated Annual Report containing updated financial and operating data and the audited financial statements for the Fiscal Year ended June 30, 2014, and to timely file notice of such failure. The District also notes that with respect to an Undertaking associated with The Oklahoma Development Finance Authority's Lease Revenue Bonds, Series 2010 (Lawton Public Schools Project), the District failed to file its updated financial and operating data for the Fiscal Year ended June 30, 2014, and to timely file notice of such failure.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020A Combined Purpose Bonds is excluded from gross income for federal

income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2020A Combined Purpose Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the School District in connection with the 2020A Combined Purpose Bonds, and Bond Counsel has assumed compliance by the School District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2020A Combined Purpose Bonds from gross income under Section 103 of the Code.

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2020A Combined Purpose Bonds are "qualified" obligations for this purpose.**

In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2020A Combined Purpose Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2020A Combined Purpose Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2020A Combined Purpose Bonds in order that interest on the 2020A Combined Purpose Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2020A Combined Purpose Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2020A Combined Purpose Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The School District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2020A Combined Purpose Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2020A Combined Purpose Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2020A Combined Purpose Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2020A Combined Purpose Bonds.

Prospective owners of the 2020A Combined Purpose Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2020A Combined Purpose Bonds may be

taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2020A Combined Purpose Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2020A Combined Purpose Bonds. In general, the issue price for each maturity of 2020A Combined Purpose Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2020A Combined Purpose Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2020A Combined Purpose Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2020A Combined Purpose Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2020A Combined Purpose Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2020A Combined Purpose Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that 2020A Combined Purpose Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2020A Combined Purpose Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2020A Combined Purpose Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2020A Combined Purpose Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2020A Combined Purpose Bonds under federal or state law or otherwise prevent beneficial owners of the 2020A Combined Purpose Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2020A Combined Purpose Bonds.

Prospective purchasers of the 2020A Combined Purpose Bonds should consult their own tax advisors regarding the foregoing matters.

CREDIT RATINGS

The 2020A Combined Purpose Bonds have been rated "A+" by Standard & Poor's and the School District is currently rated Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by Standard & Poor's and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from Standard & Poor's and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings may have an effect on the market price of the 2020A Combined Purpose Bonds.

UNDERWRITING

The Combined Purpose General Obligation Bonds, Series 2020A are being purchased at competitive sale by _____ (the "Underwriter"). The Underwriter has agreed to purchase the 2020A Combined Purpose Bonds at a price equal to \$_____ plus accrued interest from March 1, 2020.

FINANCIAL ADVISOR

BOK Financial Securities, Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the bonds. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the District for the investment of debt proceeds or other funds of the District, upon the request of the District.

BOK Financial Securities, Inc., in its capacity of Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal

documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in the official statement. The Financial Advisor has review the information in the official statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy of such information.

MISCELLANEOUS

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The Official Statement is not to be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or its agencies and authorities, since the date hereof.

INDEPENDENT SCHOOL DISTRICT NO. 8
OF COMANCHE COUNTY, OKLAHOMA

BY: _____
President, Board of Education

APPENDIX A
CONTINUING DISCLOSURE AGREEMENT

APPENDIX A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by Independent School District No. 8 of Comanche County, Oklahoma (the “Issuer”) in connection with the issuance of \$8,000,000 Combined Purpose General Obligation Bonds, Series 2020A (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated the ____ day of February, 2020. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders, including beneficial owners, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” shall mean the School District’s annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State. Revenues are recorded as received in cash, except for revenues susceptible to accrual and material revenues that are not received at the normal time of receipt. Expenditures are recorded in the accounting period in which the fund liability is incurred and encumbered.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system is the National Repository. Annual Reports and notices of material events are to be electronically filed at the EMMA website: www.emma.msrb.org.

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Certificate.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Oklahoma.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than ten months following the end of the fiscal year (as of the date of this Disclosure Agreement, June 30 is the end of the fiscal year), provide annually to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and (if the Dissemination Agent is other than the Issuer)
2. file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the financial information or operating data with respect to the Issuer of the type included in Appendix B of the final official statement with respect to the Bonds. If Audited Financial Statements are not available by the time the Annual Report must be provided, unaudited financial statements will be provided as part of the Annual Report and Audited Financial Statements will be provided, when and if available, to each Repository.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other events affecting the tax status of the security (including Build America Bonds);
7. Modification to rights of security holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the obligated person;
14. Consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person, other than in the ordinary course of business, the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
15. Appointment of a successor or additional trustee or the change of name of a trustee;
16. The incurrence of a financial obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
17. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall take the actions specified in subsection (c) hereof.

(c) The Issuer shall file a notice of the occurrence of a Listed Event with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) and each State Repository within 10 business days of the occurrence of the applicable event. Provided, that any event under subsections (a)(2), (7), (8), (10), (14) or (15) must be filed only if the event is material. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligation under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement any bondholder, including beneficial owners, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Bondholders, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated this ____ day of _____, 2020.

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

By: _____
President, Board of Education

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 8 of Comanche County, Oklahoma

Name of Bond Issue: \$8,000,000 Combined Purpose General Obligation Bonds, Series 2020A

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section ___ of the Resolution dated the ___ day of February, 2020. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

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

By: _____
President, Board of Education

APPENDIX B
FINANCIAL INFORMATION AND OPERATING DATA

APPENDIX B

FINANCIAL INFORMATION AND OPERATING DATA

Composition and Growth of the Net Assessed Valuation

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2019-20 is as follows:

<u>Property</u>	<u>Comanche County</u>	<u>Percentage</u>
Real	\$359,836,193	84.87%
Personal	\$30,773,107	7.26%
Public Service	\$33,389,365	7.87%
TOTAL	\$423,998,665	100.00%

The growth of the Net Assessed Valuation of the School District for the past ten years has been as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2019-2020	\$423,998,665	2014-2015	\$416,337,318
2018-2019	\$430,288,210	2013-2014	\$435,174,891
2017-2018	\$431,291,108	2012-2013	\$428,900,237
2016-2017	\$428,788,793	2011-2012	\$420,680,653
2015-2016	\$422,791,720	2010-2011	\$408,988,549

During this period, the Net Assessed Valuation of the School District increased \$15,010,116 or 3.67%.

General Obligation Bonded Debt Outstanding*

<u>Date of Issuance</u>	<u>Original Principal Amount</u>	<u>Remaining Maturities</u>	<u>Maturity Dates</u>	<u>Total Outstanding</u>
3/1/16	\$5,085,000	\$1,695,000	3/1/20	\$1,695,000
5/1/17	\$4,470,000	\$2,250,000	5/1/20	\$2,250,000
12/1/17	\$3,775,000	\$1,255,000	12/1/20	
		\$1,265,000	12/1/21	\$2,520,000
2/1/18	\$3,060,000	\$1,020,000	2/1/21-22	\$2,040,000
3/1/19	\$14,380,000	\$3,595,000	3/1/21-24	\$14,380,000
3/1/20	\$8,000,000	\$2,000,000	3/1/22-25	\$8,000,000
TOTAL				\$30,885,000

* Debt figures are as of February 12, 2020, and include the 2020A Combined Purpose Bonds.

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		2020A Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2019-2020	\$3,945,000.00	\$576,455.00			\$4,521,455.00
2020-2021	\$5,870,000.00	\$385,912.50		\$160,000.00	\$6,415,912.50
2021-2022	\$5,880,000.00	\$251,912.50	\$2,000,000.00	\$160,000.00	\$8,291,912.50
2022-2023	\$3,595,000.00	\$143,800.00	\$2,000,000.00	\$120,000.00	\$5,858,800.00
2023-2024	\$3,595,000.00	\$71,900.00	\$2,000,000.00	\$80,000.00	\$5,746,900.00
2024-2025			\$2,000,000.00	\$40,000.00	\$2,040,000.00
TOTAL	\$22,885,000.00	\$1,429,980.00	\$8,000,000.00	\$560,000.00	\$32,874,980.00

*The average annual interest rate on the bonds is assumed to be 2.00%.

Net Direct, Overlapping and Underlying General Obligation Bonded Indebtedness

Municipality	Net Indebtedness	Amount Applying to the District	Ratio to Assessed Value of the District	Estimated Per Capita Debt
Lawton School District	\$21,885,000	\$21,885,000	5.16%	\$243.50
City of Lawton	\$19,396,540	\$18,671,091	4.40%	\$207.74
Comanche County	\$0	\$0	0.00%	\$0.00
TOTAL	\$41,281,540	\$40,556,091	9.57%	\$451.23

Debt figures for the School District are as of January 27, 2020 and include the 2020A Combined Purpose Bonds.

Debt figures for all other entities are as of June 30, 2019.

Estimated per capita debt based on 2018 School District estimated population of 89,878 (source: U.S. Census Bureau).

(Remainder of this page intentionally left blank)

Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2019-2020	\$7,584,863	\$7,964,106	In Process	
2018-2019	\$5,459,668	\$5,732,651	\$5,732,921	\$5,830,114
2017-2018	\$3,037,502	\$3,189,377	\$3,187,533	\$3,295,730
2016-2017	\$3,682,211	\$3,866,321	\$3,865,590	\$3,963,686
2015-2016	\$3,299,215	\$3,464,176	\$3,477,466	\$3,559,343
2014-2015	\$2,446,505	\$2,568,831	\$2,592,689	\$1,025,016
2013-2014	\$2,466,550	\$2,589,878	\$2,491,008	\$2,567,783

* Collection percentage is determined utilizing total collections. Five percent (5%) is added to the net levy to compensate for expected delinquencies during the collection process.

Source: School District Administration and budgets.

Percentages of Taxes Collected

The ratio of Current and Total Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collection to Net Levy	Ratio of Total Tax Receipts to Net Levy
2018-2019	105.00%	106.79%
2017-2018	104.94%	108.50%
2016-2017	104.98%	107.64%
2015-2016	105.40%	107.88%
2014-2015	105.98%	41.90%
2013-2014	100.99%	104.10%

Source: School District Administration and budgets.

The ratio of Current and Total Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collection to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2018-2019	100.00%	101.70%
2017-2018	99.94%	103.33%
2016-2017	99.98%	102.52%
2015-2016	100.38%	102.75%
2014-2015	100.93%	39.90%
2013-2014	96.18%	99.15%

Source: School District Administration and budgets.

Trend of Tax Rates: Major Taxing Units

(For those residing in the School District and in the City of Lawton)

Fiscal Year	Lawton School District	City of Lawton	Comanche County	Technology Center	Total Levy
2010-2011	48.60	9.07	16.88	14.25	88.80
2011-2012	45.16	9.40	16.88	14.25	85.69
2012-2013	48.41	7.27	16.88	14.25	86.81
2013-2014	46.72	10.45	16.88	14.25	88.30
2014-2015	46.94	10.46	16.88	14.25	88.53
2015-2016	48.96	9.29	16.88	14.25	89.38
2016-2017	49.79	7.00	16.88	14.25	87.92
2017-2018	48.16	6.30	16.88	14.25	85.59
2018-2019	54.09	13.35	16.88	15.25	99.57
2019-2020	59.55	9.29	16.88	15.25	100.97

Dollars per \$1,000 of Net Assessed Valuation.

Source: Comanche County Assessor.

School District General Fund Revenues and Expenditures

Fiscal Year Ending June 30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Total Other Financing Sources(Uses)	Ending General Fund Balance
2014*	\$2,333,882	\$114,552,365	\$113,436,275	\$580,604	\$4,030,576
2015	\$4,030,576	\$113,551,688	\$109,636,316	\$499,073	\$8,445,021
2016	\$8,445,021	\$114,298,155	\$110,948,975	\$704,141	\$12,498,342
2017	\$12,498,342	\$112,025,361	\$108,022,781	\$356,085	\$16,857,007
2018	\$16,857,008	\$110,235,325	\$109,390,614	\$307,679	\$18,009,398
2019	\$18,009,398	\$120,867,693	\$124,666,577	\$325,769	\$14,536,283

* In previous years, the District prepared its financial statements using generally accepted accounting principles. In 2014, the District adopted a policy of preparing its financial statements of the basis of the financial reporting provisions of the Oklahoma State Department of Education. As a result, the beginning fund balance for 2014 was restated.

Detail of School District General Fund Revenues

Fiscal Year Ending June 30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2014	\$18,248,017	\$2,338,054	\$73,181,936	\$20,784,358	\$114,552,365
2015	\$17,698,301	\$2,359,094	\$73,690,284	\$19,804,009	\$113,551,688
2016	\$18,500,390	\$2,459,537	\$71,757,046	\$21,580,642	\$114,298,155
2017	\$18,198,795	\$2,377,734	\$70,124,164	\$21,324,668	\$112,025,361
2018	\$17,943,124	\$2,346,482	\$69,816,478	\$20,098,471	\$110,204,555
2019	\$18,157,087	\$2,353,065	\$79,128,429	\$21,229,112	\$120,867,693

School Enrollment Trend

School Year	Total Enrollment	Percentage Change
2009-2010	16,139	-1.40%
2010-2011	15,810	-2.04%
2011-2012	15,679	-0.83%
2012-2013	15,456	-1.42%
2013-2014	15,262	-1.26%
2014-2015	14,998	-1.73%
2015-2016	14,823	-1.17%
2016-2017	14,437	-2.60%
2017-2018	13,819	-4.28%
2018-2019	13,799	-0.14%

Source: School District Administration.

School Enrollment Projection

School Year	Total Enrollment	Percentage Change
2019-2020	13,700	-0.72%
2020-2021	13,600	-0.73%
2021-2022	13,500	-0.74%
2022-2023	13,500	0.00%
2023-2024	13,500	0.00%

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)*

	December 2019	November 2019	December 2018
United States	3.5%	3.6%	3.8%
State of Oklahoma	3.3%	3.3%	3.4%
Comanche County	3.7%	3.7%	3.9%
Lawton MSA	3.7%	3.7%	3.9%

* Not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics and Oklahoma Employment Security Commission

Sales Tax Collections – City of Lawton

Fiscal Year Ending June 30	Sales Tax Collections
2010	\$40,869,258
2011	\$43,621,800
2012	\$44,187,777
2013	\$43,273,327
2014	\$44,976,646
2015	\$45,694,939
2016	\$45,404,752
2017	\$44,671,948
2018	\$44,641,897
2019	\$45,762,412

FY 2010 amount reflects eight months at 3.625% and four months at 4.125%.

Source: Oklahoma Tax Commission.

Retail Sales – City of Lawton

Fiscal Year Ending June 30	Retail Sales
2010	\$1,066,066,289
2011	\$1,057,498,182
2012	\$1,071,218,836
2013	\$1,049,050,352
2014	\$1,090,342,933
2015	\$1,107,756,097
2016	\$1,100,721,261
2017	\$1,082,956,315
2018	\$1,082,227,796
2019	\$1,109,391,805

Based on sales tax revenues returned to the City.
Source: Oklahoma Tax Commission.

Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Public Service Co. of OK	Electric Utility	\$23,175,105
MPT of Lawton-Lima, LLC	Southwestern Medical Center	\$5,949,546
The Fort Sill Apache Tribe	Tribal Government	\$2,668,186
The Flats at Mac, LLC	Apartments	\$2,553,027
Fidelity Cablevision, Inc.	Cable/Internet	\$2,468,814
Centerpoint Energy Arkla	Electric Transmission	\$2,313,472
Cornerstone Lawton LLC	Apartments	\$2,264,728
Central Mall Lawton Realty Holding, LLC	Retail	\$1,980,645
Fort Sill Apache Econ Dev Authority	Tribal Government/Entertainment	\$1,962,425
ARCP MT Lawton OK LLC	Apartments	\$1,915,723
Total Net Assessed Valuation of Top Ten Taxpayers		\$47,251,671
Percentage of School District's Net Assessed Valuation		11.14%

Source: Comanche County Assessor.

APPENDIX C
FINANCIAL STATEMENTS WITH ACCOUNTANTS REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Lawton Independent School District No. 8
Comanche County, Oklahoma
Financial Statements
Year-End June 30, 2018

Lawton Independent School District No. 8
Comanche County, Oklahoma
Table of Contents
June 30, 2018

Page

Independent Auditor’s Report 1

Basic Financial Statements:

Government-wide Financial Statements:
 Statement of Net Position – Regulatory Basis6
 Statement of Activities – Regulatory Basis7
Fund Financial Statements:
 Balance Sheet - Governmental Funds – Regulatory Basis8
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Governmental Funds – Regulatory Basis9
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities – Regulatory Basis10
 Statement of Net Position – Proprietary Funds – Regulatory Basis 11
 Statement of Changes in Fund Net Position – Proprietary
 Funds – Regulatory Basis12
 Statement of Cash Flows– Proprietary Funds – Regulatory Basis13
 Statement of Fiduciary Net Position – Regulatory Basis14
 Statement of Changes in Fiduciary Net Position – Regulatory Basis15
Notes to the Financial Statements.....16

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules:
 Combining Balance Sheet –
 Other Governmental Funds – Regulatory Basis35
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances –
 Other Governmental Funds – Regulatory Basis36
Combining Statement of Assets and Fund Balances – Activity Fund.....37
Schedule of Expenditures of Federal Awards40
Notes to Schedule of Expenditures of Federal Awards42

OTHER INFORMATION

Budgetary Comparison Schedule - General Fund (unaudited).....44
Budgetary Comparison Schedule – Building Fund (unaudited).....45
Statement of Statutory Fidelity and Honesty Bonds (unaudited)46

GOVERNMENT AUDITING STANDARDS SECTION

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 *Governmental Auditing Standards*47

SINGLE AUDIT SECTION

Independent Auditor’s Report on Compliance for Each Major Program and Internal
Control over Compliance required by the Uniform Guidance49
Schedule of Findings and Questioned Costs52
Summary Schedule of Prior Year Findings56



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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Oklahoma State Department of Education described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
All	Adverse on US Generally Accepted Accounting Principles
Governmental Activities	Qualified Regulatory Basis
General Fund	Unmodified Regulatory Basis
2014 Bond Fund 32	Unmodified Regulatory Basis
2017 Bond Fund 33	Unmodified Regulatory Basis
Lease Revenue 2017 Fund 34	Unmodified Regulatory Basis
Aggregate Remaining	Unmodified Regulatory Basis

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 16 to the financial statements, management has not recorded capital assets in the governmental statement of net position – regulatory basis, in governmental activities opinion unit, which should be included to conform to the financial reporting provisions of 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.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, regulatory basis financial position of the Governmental Activities of Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2018 and the respective changes in regulatory basis financial position thereof for the year then ended in accordance with financial reporting provisions of Oklahoma State Department of Education.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major fund and the aggregate remaining fund

information of the Lawton Independent School District No. 8, Comanche County, Oklahoma, as of June 30, 2018, and the respective changes in regulatory basis financial position and where applicable, cash flows thereof for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawton Independent School District No. 8, Comanche County, Oklahoma's basic financial statements. The budgetary comparison schedules, combining nonmajor fund financial statements, and statement of changes in activity fund subaccounts, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Oklahoma Department of Education requires management discussion and analysis, budgetary information and the statement of statutory fidelity and honesty bonds be presented to supplement the financial statements. Such information, although not considered part of the basic financial statements, is required by the Oklahoma Department of Education, who considers it an essential part of the financial reporting. . We have applied certain limited procedures to this supplemental information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 financial 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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2019, on our consideration of the Lawton Independent School District No. 8, Comanche County,

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

Mary C Johnson & Associates PLLC

Ardmore, Oklahoma
April 29, 2019

BASIC FINANCIAL STATEMENTS

Lawton Independent School District No. 8
Comanche County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 7,757,476
Restricted Cash	53,559,685
Investments	43,700,650
Inventories	<u>224,451</u>
 Total Assets	 <u>\$ 105,242,262</u>
 LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Outstanding	\$ 14,771,951
Long -Term Liabilities	
Due within One Year	12,727,676
Due in More than One Year	<u>58,490,068</u>
 Total Liabilities	 <u>\$ 85,989,695</u>
 Net Position	
Net Investment in Capital Assets	\$ (4,703,866)
Restricted for	
Building Services	\$ 2,002,368
Debt Service	3,577,430
Other	31,687
School Organizations	1,901,475
Unrestricted	<u>16,443,473</u>
Total Net Position	<u><u>\$ 19,252,567</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, 2018

<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	\$ 59,889,885	\$ 141,489	\$ 9,567,936	\$ 155,734	\$ (50,024,726)
Support Services	53,561,422	2,105,891	397,932	-	(51,057,599)
Operation of Noninstructional Services	13,882,764	1,670,835	6,338,105	-	(5,873,824)
Interest on long-term debt	226,395	-	-	-	(226,395)
Total Governmental Activities	\$ 127,560,466	\$ 3,918,215	\$ 16,303,973	\$ 155,734	\$ (107,182,544)
General Revenues					
Taxes					
Property taxes, levied for general purposes					15,837,333
Property taxes, levied for building purposes					2,264,379
Property taxes, levied for sinking fund purposes					3,293,995
General Taxes					12,569,932
State aid - formula grants					61,138,285
Federal aid - formula grants					5,608,703
Investment Earnings					676,859
Total General Revenues					\$ 101,389,486
Change in Net Position					\$ (5,793,058)
Net Position - Beginning, restated					25,045,625
Net Position - Ending					\$ 19,252,567

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2018

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Fund 34	Other Governmental Funds	Total
Assets						
Cash and Cash Investments	\$ 123,742	\$ -	\$ -	\$ -	\$ 7,964,882	\$ 8,088,624
Restricted Cash	-	-	54,581,021	1,115,187	-	55,696,208
Pooled Cash and Investments	28,819,327	7,000,000	-	-	5,381,323	41,200,650
Due from Other Funds	1,431,328	-	-	-	-	1,431,328
Inventories - Supplies, materials	216,659	-	-	-	-	216,659
Total Assets	<u>\$ 30,591,056</u>	<u>\$ 7,000,000</u>	<u>\$ 54,581,021</u>	<u>\$ 1,115,187</u>	<u>\$ 13,346,205</u>	<u>\$ 106,633,469</u>
Liabilities						
Warrants Outstanding	\$ 12,627,130	\$ 558,601	1,043,687	\$ -	\$ 541,890	\$ 14,771,308
Due to Other Funds	-	1,013,988	-	-	417,340	1,431,328
Total Liabilities	<u>\$ 12,627,130</u>	<u>\$ 1,572,589</u>	<u>\$ 1,043,687</u>	<u>\$ -</u>	<u>\$ 959,230</u>	<u>\$ 16,202,636</u>
Fund Balances						
Nonspendable	\$ 216,659	\$ -	\$ -	\$ -	\$ -	\$ 216,659
Restricted	-	5,427,411	53,537,334	1,115,187	10,485,500	70,565,432
Committed	-	-	-	-	1,901,475	1,901,475
Assigned	-	-	-	-	-	-
Unassigned	17,747,267	-	-	-	-	17,747,267
Total Fund Balances	<u>\$ 17,963,926</u>	<u>\$ 5,427,411</u>	<u>\$ 53,537,334</u>	<u>\$ 1,115,187</u>	<u>\$ 12,386,975</u>	<u>\$ 90,430,833</u>
Total Liabilities and Fund Balances	<u>\$ 30,591,056</u>	<u>\$ 7,000,000</u>	<u>\$ 54,581,021</u>	<u>\$ 1,115,187</u>	<u>\$ 13,346,205</u>	

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

Federal commodities are distributed to the District to be used by the child nutrition program. Governmental funds are concerned about the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the governmental funds 7,792

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 31,687

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	14,695,000	
Lease Purchase	55,000,000	
Compensated Absences	1,522,745	<u>(71,217,745)</u>

Net assets of governmental activities. \$ 19,252,567

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, 2018

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Fund 34	Other Governmental Funds	Total
REVENUE						
Property Taxes	\$ 15,837,333	\$ -	\$ -	\$ -	\$ 5,561,307	\$ 21,398,640
Interest	436,436	-	111,120	2,323	47,319	597,198
County Revenue	2,346,482	-	-	-	-	2,346,482
State Revenue	69,816,478	-	-	-	-	69,816,478
Federal Revenue	20,098,471	-	-	-	155,734	20,254,205
Other	<u>1,669,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,178,912</u>	<u>6,848,267</u>
Total Revenue	<u>\$ 110,204,555</u>	<u>\$ -</u>	<u>\$ 111,120</u>	<u>\$ 2,323</u>	<u>\$ 10,943,272</u>	<u>\$ 121,261,270</u>
EXPENDITURES						
Current						
Instruction	\$ 57,729,454	\$ 2,042,256	\$ -	\$ -	\$ 342,690	\$ 60,114,400
Support Services	43,873,692	2,625,276	758,730	-	6,280,356	53,538,054
Non-instruction Services	7,434,757	-	-	-	768,338	8,203,095
Capital Outlay	118,730	1,340,013	2,762,192	-	716,008	4,936,943
Other Outlays	271,303	-	-	-	-	271,303
Debt Service						
Interest Paid	-	-	-	-	182,310	182,310
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,695,000</u>	<u>1,695,000</u>
Total Expenditures	<u>\$ 109,427,936</u>	<u>\$ 6,007,545</u>	<u>\$ 3,520,922</u>	<u>\$ -</u>	<u>\$ 9,990,782</u>	<u>\$ 128,947,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 776,619	(6,007,545)	(3,409,802)	\$ 2,323	\$ 952,490	\$ (7,685,915)
Other Financing Sources						
Transfers	307,679	-	-	-	(307,679)	-
Proceeds of Bonds and Leases	-	3,775,000	56,947,136	1,112,864	-	61,835,000
Sale of Capital Assets	22,620	-	-	-	-	22,620
Total Other Financing Sources	<u>\$ 330,299</u>	<u>3,775,000</u>	<u>56,947,136</u>	<u>1,112,864</u>	<u>(307,679)</u>	<u>61,857,620</u>
Net Change in Fund Balances	\$ 1,106,918	(2,232,545)	53,537,334	1,115,187	644,811	54,171,705
Fund Balances - Beginning	<u>16,857,008</u>	<u>7,659,956</u>	<u>-</u>	<u>-</u>	<u>11,742,164</u>	<u>36,259,128</u>
Fund Balances - Ending	<u>\$ 17,963,926</u>	<u>\$ 5,427,411</u>	<u>\$ 53,537,334</u>	<u>\$ 1,115,187</u>	<u>\$ 12,386,975</u>	<u>\$ 90,430,833</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, 2018

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

Net change in fund balances - total governmental funds			\$ 54,171,705
<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>			
			(59,918)
<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>			
			(6,835,000)
<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	\$ 1,695,000	
	Lease payable	<u>256,872</u>	1,951,872
<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>			
			(8,206)
<p>Proceeds of lease purchase agreement provide current financial resources for governmental funds but increases long-term liabilities in the statement of net assets</p>			
			(55,000,000)
<p>Internal service funds are used to charge costs of workers' compensation a to individual funds. The governmental funds included expenditures of \$32,180. The expenses of the governmental activities however reflects the actual costs incurred, \$45,691 .The difference represents the undercharge by the internal service funds that is allocated back to governmental activities and transfers</p>			
			<u>(13,511)</u>
Change in net assets position of governmental activities.			<u>\$ (5,793,058)</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, 2018

	<u>Internal Service Funds</u>
	<u>Workers' Compensation</u>
ASSETS	
Cash and Cash Investments	\$ 32,332
Total Assets	<u>\$ 32,332</u>
LIABILITIES	
Warrants Outstanding	<u>\$ 645</u>
NET POSITION	
Restricted	<u><u>\$ 31,687</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, 2018

	Internal Workers' Compensation
Operating Revenues	
Charges to other funds	\$ 32,180
Total Operating Revenues	\$ 32,180
Operating Expenses	
Other Outlays	\$ 45,691
Total Operating Expenses	\$ 45,691
Change in net position	(13,511)
Net Position- Beginning	45,198
Net Position- Ending	\$ 31,687

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, 2018

	Internal Service Funds <u>Workers'</u> <u>Compensation</u>
Cash Flows from Operating Activities	
Received from assessments made to other funds	\$ 32,180
Payments of claims	<u>(46,785)</u>
Net cash used by operating activities	<u>\$ (14,605)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers to other funds	<u>\$ -</u>
Net increase (decrease) in cash	\$ (14,605)
Cash and cash equivalents, Beginning	<u>46,937</u>
Cash and cash equivalents, Ending	<u><u>\$ 32,332</u></u>
Cash Flows from Operating Activities	
Operating loss	\$ (13,511)
Adjustments to reconcile operating loss to	
Net cash provided (used) by operating activities	
Warrants Outstanding	<u>(1,094)</u>
Net cash provided (used) by operating activities	<u><u>\$ (14,605)</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, 2018

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Cash Investments	\$ 1,310
Pooled Cash and Investments	47,778
Investments	<u>143,190</u>
Total Assets	<u>\$ 192,278</u>
LIABILITIES	
Warrants Outstanding	<u>\$ 2,010</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 190,268</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, 2018

	Private- Purpose Trust
Additions:	
Interest	\$ 482
Total Additions	\$ 144,982
Deductions	
Scholarships Awarded	\$ 2,010
Total Deductions	\$ 2,010
Change In Net Position	\$ 142,972
Net Position- Beginning	47,296
Net Position- Ending	\$ 190,268

See Notes to Financial Statements

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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, 2018

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

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

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

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

Basic Financial Statements – Fund Financial Statements

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

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

The District reports the following major governmental funds:

- General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- 2014 Bond Fund32 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.

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

- Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.

- Municipal Tax Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment as approved by voters for a special sales tax.
- Sinking Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- 2004 Bond Fund 31 are used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.
- Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund.
- Activity Fund is special revenue fund the district accounts for resources and expenditures incurred by the student activity groups.
- Proprietary Funds- Internal Service Funds – Revenues and expenses related to services provided to organizations within the District on a cost reimbursement basis are accounted for in the internal service fund. The District’s Internal Service Funds are the Workers’ Compensation Fund (which is used only to fund remaining claims after self-insurance was discontinued in 2000)
- Fiduciary Funds- Private purpose trust fund - The District accounts for resources held in a trust or custodial capacity for individuals or private organizations. These funds are primarily used for scholarships.

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

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

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

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

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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

As of June 30, 2018, the District has not reported Capital Assets in the statement of Net Position-regulatory basis. See Note 16.

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

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

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. A

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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

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 56% 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:

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets. As of June 30, 2018, the balance of Net Investment in Capital Assets is the debt related to capital assets, since the prior year amount of capital assets was removed since they did not have records to support balances. See Note 17 for further discussion.

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

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

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

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

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

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

The government-wide statement of net position reports \$7,512,960 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),

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Other purposes are restricted for scholarship purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts 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, 2018, 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, 2018, fund balances are comprised of the following:

	General Fund	2014 Bond Fund 32	2017 Bond Fund 33	Lease Revenue 2017 Fund 34	Other Governmental Funds	Total Governmental Funds
Nonexpendable						
Inventory	\$ 216,659	\$ -	\$ -	\$ -	\$ -	\$ 216,659
Restricted						
Debt Service	-	-	-	-	3,577,430	3,577,430
School Construction and Fixed Assets	-	5,427,411	53,537,334	1,115,187	4,911,202	64,991,134
Building Operation and Maintenance	-	-	-	-	2,002,368	2,002,368
Scholarships	-	-	-	-	(5,500)	(5,500)
Committed						
School Organizations	-	-	-	-	1,901,475	1,901,475
Unassigned	17,747,267	-	-	-	-	17,747,267
	<u>\$ 17,963,926</u>	<u>\$5,427,411</u>	<u>\$ 53,537,334</u>	<u>\$ 1,115,187</u>	<u>\$ 12,386,975</u>	<u>\$ 90,430,833</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.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

Note 3 - Cash and Investments

Deposits – At June 30, 2018, the bank balance of deposits and cash pools was \$7,828,043. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy requires collateral for all deposits not covered by Federal Deposit Insurance Corporation insurance. At June 30, 2018, the District was not exposed to custodial credit risk.

Investments - The District participates in an external investment pool, Oklahoma Public School Liquid Asset Pool (OLAP). The plan is sponsored by the Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools and the Oklahoma Association of School Business Officials. OLAP is governed through an inter local cooperative agreement and the investment advisors and other professionals are competitively selected. OLAP reported value and fair market value are equal at June 30, 2018. To receive a copy of the Oklahoma Public School Liquid Asset Pool annual audit report, call toll free 1-866-472-6527 or visit www.OLAPonline.org. OLAP’s portfolio consists of cash and short-term investments valued at amortized cost which approximates fair value. OLAP invest in obligations of the U.S Government, its agencies and instrumentalities and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and the OLAP custodian takes delivery of the collateral. . Total external pool investments at June 30, 2018 are \$43,748,428 which are shown on the statement of net position as unrestricted \$43,700,650 and on the statement of fiduciary net position at \$47,778.

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	\$ 14,205	\$ 13,303	\$ 13,303			
Federal Agencies	11,795	9,101	37	337	8,727	
			<u>\$ 13,340</u>	<u>\$ 337</u>	<u>\$ 8,727</u>	<u>\$ -</u>
Mutual Funds	117,190	119,707				
	<u>\$ 143,190</u>	<u>\$ 142,111</u>				

Credit Risk - Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure arising from concentration of investments. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. OLAP held securities of \$43,748,428 have Standard & Poor’s ratings of 8.9 percent AA+, 2.0 percent AA-, and 89.1 percent NR. Securities with NR rating are bank deposit accounts. Investments held in the endowment fund in money market mutual funds and federal agencies are rated Aaa by Moody’s. Investments within the mutual funds are rated based on individual holdings of each fund. The mutual funds as a whole are not rated.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the nature of the District’s external investment

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

pool and mutual funds, there are no defined maturity dates. The risk related to investments in the endowment fund are shown in the table above. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Note 4 - Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	\$ 9,555,000	\$ 6,835,000	\$ 1,695,000	\$ 14,695,000	\$ 3,915,000
CCPFA Lease Purchase	-	55,000,000	-	55,000,000	8,705,000
Lease Purchase/HP Computers	256,872	-	256,872	-	-
Compensated absences	1,462,826	538,379	478,460	1,522,745	107,676
	<u>\$ 11,274,698</u>	<u>\$ 62,373,379</u>	<u>\$ 2,430,332</u>	<u>\$ 71,217,745</u>	<u>\$ 12,727,676</u>

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

Bonds: Bonds payable June 30, 2018, is composed of the following individual general obligation bond issues:

Original Issue Amount	Purpose	Issue Date	Final Payment	Interest Rates	Maturity
5,085,000	Combined Purpose	3/1/2016	1,695,000	Variable	3/1/2020
4,470,000	Combined Purpose	5/1/2017	2,250,000	1.500%	5/1/2020
3,060,000	Building Bonds	2/1/2018	1,020,000	Variable	2/1/2022
3,775,000	Combined Purpose	12/1/2017	1,265,000	Variable	12/1/2021

The annual requirements to amortize all bond debt outstanding as of June 30, 2018 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 3,915,000	\$ 230,468	\$ 4,145,468
2020	6,220,000	288,855	6,508,855
2021	2,275,000	98,313	2,373,313
2022	2,285,000	36,213	2,321,213
	<u>\$ 14,695,000</u>	<u>\$ 653,849</u>	<u>\$15,348,849</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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, 2018 is \$43,129,111.

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

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

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

Year Ending June 30	Future Minimum Lease Payments	Less Interest	Present Value of Minimum Lease Payments
2019	\$ 10,703,614	\$ (1,998,614)	\$ 8,705,000
2020	2,367,775	(1,442,775)	925,000
2021	4,764,007	(1,414,007)	3,350,000
2022	5,709,822	(1,309,822)	4,400,000
2023	10,462,982	(1,172,982)	9,290,000
Thereafter	31,200,447	(2,870,447)	28,330,000
	<u>\$ 65,208,647</u>	<u>\$ (10,208,647)</u>	<u>\$ 55,000,000</u>

Pledged Revenues

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

Property tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. As of June 30, 2018, \$14,695,000 general obligations were outstanding and \$106,845,000 of general obligations bonds were authorized but not issued as of June 30, 2018. Current year had collected \$3,293,995 of pledged revenues and paid \$1,877,310 of principal and interest expenses toward

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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 publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2018, qualifying employee contributions were reduced by a retirement credit of \$704,025 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2018, the District had a statutory contribution rate of 9.5% plus 7.80% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2018, the District contributions to the System for were \$5,949,341.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$4,093,947.

Pension Liability and Pension Expense

For the year ended June 30, 2018, the District's proportionate share of the net pension liability was \$93,709,621. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 1.41226594%, which decreased 0.00548722 % from the proportion measured as of June 30, 2016.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	2.50%
Domestic Equity	38.50%	7.50%
International Equity	19.00%	8.50%
Real Estate	9.00%	4.50%
Alternative Assets	10.00%	6.10%
	<u>100.00%</u>	

Discount rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate share of the net pension liability	\$ 129,067,549	\$ 93,709,621	\$ 64,110,968

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).

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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

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

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

Since the District prepares the financials under regulatory basis as required by the Oklahoma State Department of Education, the net OPEB liability (asset) is disclosure only. At June 30, 2018, the District’s proportionate share of the net OPEB asset was \$629,789. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined.

At June 30, 2017, the District’s proportion was 1.41226594%, as compared to its proportion share of 1.41775316% measured as of June 30, 2016.

Sensitivity of the District’s proportionate share of the net OPEB asset to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB asset calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate share of the OPEB liability (asset)	\$ (26,362)	\$ (629,789)	\$ (1,145,710)

Due to the structure of the OPEB plan, healthcare cost trend rate sensitivity analysis is not meaningful.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

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.

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 \$4,025,000 to be financed from bond funds and \$1,524,000 to be financed from sales tax fund.

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	307,679	Operating transfer
		307,679	

Note 10 - Operating Lease

The District has a lease with a vendor for the use of copier machines at all District locations. February 2016, a lease was executed for 36 months. The lease is renewable at the District’s option for one year increments. The total lease expense paid by the District for the year ended June 30, 2018 was approximately \$450,000. Total lease expense anticipated for fiscal year 2018 is approximately \$450,000.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

Note 11 - Inventories

Inventory consists of the following at June 30, 2018:

	Balance Sheet Governmental Funds - Regulatory Basis	Statement of Net Position - Regulatory Basis
Fuel:	29,981	29,981
Supplies:	186,678	186,678
USDA Food Commodities:	-	7,792
Total Inventories:	\$ 216,659	\$ 224,451

Note 12 - Sales Tax Agreement

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

Note 13 – Lease Revenue Bond Agreements

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

Note 14 – Tax Abatement

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

For the year ended June 30, 2018, abated property taxes were \$1,825,751.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

Note 15 – New GASB Standards

GASB Statement No.75, Postemployment Benefits Other Than Pensions establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources and expenses/expenditures. Furthermore, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered by trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. Since the District’s financial statements are reported using the cash receipts and disbursements modified basis as required by the regulations of the Oklahoma Department of Education, the net OPEB liability (asset) is not required to be presented in these financial statements, but the District’s portion of net OPEB liability (asset) is disclosed in Note VII to the financial statements.

Note 16 – Restatement of Beginning Balances

Due the lack of adequate records for capital assets for the year ended June 30, 2018, the capital assets have been removed from the financial statements. This has resulted in a restatement of capital assets, net position on the statement of net position regulatory basis and beginning net position on the government activities statement of activities. The restatement has resulted in a decrease of capital assets, and net position of \$110,874,793. The remaining balance of \$3,944,764 of invested in capital assets, was the portion related to debt as of June 30, 2017. The portion of debt related to capital assets in fiscal year 2018, was unable to be determined due to lack of supporting records for capital assets.

	Previously Presented as of 6/30/2017	Restatement	Restated Balance as of 6/30/17
Statement of Net Position-Regulatory Basis			
Capital Assets:			
Nondepreciated Capital Assets	4,549,742	(4,549,742)	-
Depreciated Capital Assets, Net of Depreciator	106,325,052	(106,325,052)	-
Net Position			
Net Investment in Capital Assets	114,819,557	(110,874,793)	3,944,764
Restricted For			
Building Services	1,636,032		1,636,032
Debt Services	2,058,206		2,058,206
Other	45,197		45,197
Scholarships	2,500		2,500
School Organizations	1,948,746		1,948,746
Unrestricted	15,410,180		15,410,180
Total Net Position:	135,920,418		25,045,625

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Financial Statements
June 30, 2018

Note 17 – Subsequent Event

March 2019, the District issued \$14,380,000 in combined purpose general obligation bonds. \$2,695,000 of bonds authorized in April 2014 election plus \$11,685,000 of bonds authorized in November 2017 election are included in the March 2019 bonds issue. The remaining authorized bonds to be issued for the April 2014 and November 2017 elections are \$7,710,000 and \$84,755,000, respectively.

The District has evaluated subsequent events through April 29, 2019, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2018

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Sinking Fund	Gifts Fund	Municipal Tax Fund 25	Total
Assets								
Cash and Cash Investments	\$ 2,052,402	\$ 4,017,692	\$ -	\$ 35,152	\$ 1,577,430	\$ 7,750	\$ 274,456	\$ 7,964,882
Pooled Cash and Investments	-	-	1,515,000	1,866,323	2,000,000	-	-	5,381,323
Due from Other Funds	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,052,402</u>	<u>\$ 4,017,692</u>	<u>\$ 1,515,000</u>	<u>\$ 1,901,475</u>	<u>\$ 3,577,430</u>	<u>\$ 7,750</u>	<u>\$ 274,456</u>	<u>\$ 13,346,205</u>
Liabilities								
Warrants Outstanding	\$ 50,034	\$ 303,721	\$ 174,885	\$ -	\$ -	\$ 13,250	\$ -	\$ 541,890
Due to Other Funds	-	-	417,340	-	-	-	-	417,340
Total Liabilities	<u>\$ 50,034</u>	<u>\$ 303,721</u>	<u>\$ 592,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,250</u>	<u>\$ -</u>	<u>\$ 959,230</u>
Fund Balances								
Restricted	\$ 2,002,368	\$ 3,713,971	\$ 922,775	\$ -	\$ 3,577,430	\$ (5,500)	\$ 274,456	\$ 10,485,500
Committed	-	-	-	1,901,475	-	-	-	1,901,475
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>2,002,368</u>	<u>3,713,971</u>	<u>922,775</u>	<u>1,901,475</u>	<u>3,577,430</u>	<u>(5,500)</u>	<u>274,456</u>	<u>12,386,975</u>
Total Liabilities and Fund Balances	<u>\$ 2,052,402</u>	<u>\$ 4,017,692</u>	<u>\$ 1,515,000</u>	<u>\$ 1,901,475</u>	<u>\$ 3,577,430</u>	<u>\$ 7,750</u>	<u>\$ 274,456</u>	<u>\$ 13,346,205</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, 2018

	Building Fund	Municipal Tax Fund 26	2004 Bond Fund 31	Activity Fund	Sinking Fund	Gifts Fund	Municipal Tax Fund 25	Total
REVENUE								
Property Taxes	\$ 2,265,577	\$ -	\$ -	\$ -	\$ 3,295,730	\$ -	\$ -	\$ 5,561,307
Interest	18,149	-	-	20,095	9,075	-	-	47,319
State Revenue	-	-	-	-	-	-	-	-
Federal Revenue	155,734	-	-	-	-	-	-	155,734
Other	-	2,500,000	-	2,575,853	97,809	5,250	-	5,178,912
Total Revenue	<u>\$ 2,439,460</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 2,595,948</u>	<u>\$ 3,402,614</u>	<u>\$ 5,250</u>	<u>\$ -</u>	<u>\$ 10,943,272</u>
EXPENDITURES								
Current								
Instruction	\$ -	\$ -	\$ -	\$ 342,690	\$ -	\$ -	\$ -	\$ 342,690
Support Services	1,853,815	1,711,926	1,476,853	1,224,512	-	13,250	-	6,280,356
Non-instruction Services	-	-	-	768,338	-	-	-	768,338
Capital Outlay	219,309	134,733	318,490	-	-	-	43,476	716,008
Debt Service								
Judgments and Related Interest	-	-	-	-	6,080	-	-	6,080
Interest Paid	-	-	-	-	182,310	-	-	182,310
Principal Retirement	-	-	-	-	1,695,000	-	-	1,695,000
Total Expenditures	<u>\$ 2,073,124</u>	<u>\$ 1,846,659</u>	<u>\$ 1,795,343</u>	<u>\$ 2,335,540</u>	<u>\$ 1,883,390</u>	<u>\$ 13,250</u>	<u>\$ 43,476</u>	<u>\$ 9,990,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	366,336	653,341	(1,795,343)	260,408	1,519,224	(8,000)	(43,476)	952,490
Other Financing Sources								
Transfers	-	-	-	(307,679)	-	-	-	(307,679)
Total Other Financing Sources	-	-	-	(307,679)	-	-	-	(307,679)
Net Change in Fund Balances	366,336	653,341	(1,795,343)	(47,271)	1,519,224	(8,000)	(43,476)	644,811
Fund Balances, Beginning	1,636,032	3,060,630	2,718,118	1,948,746	2,058,206	2,500	317,932	11,742,164
Fund Balances, Ending	<u>\$ 2,002,368</u>	<u>\$ 3,713,971</u>	<u>\$ 922,775</u>	<u>\$ 1,901,475</u>	<u>\$ 3,577,430</u>	<u>\$ (5,500)</u>	<u>\$ 274,456</u>	<u>\$ 12,386,975</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, 2018

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2018</u>
801	FOOTBALL EXTRAS	27,705	7,173	(20,711)	14,167
802	BOYS BASKETBALL EXTRAS	9,155	21,589	(17,098)	13,646
803	GIRLS BASKETBALL EXTRAS	3,684	2,103	(3,662)	2,125
805	BOYS BASEBALL EXTRAS	2,798	832	(2,596)	1,034
806	GIRLS SOFTBALL EXTRAS	6,766	11,985	(12,795)	5,956
807	WRESTLING EXTRAS	10,618	997	(10,512)	1,103
811	BOYS TRACK EXTRAS	786	-	(153)	633
812	GIRLS TRACK EXTRAS	594	-	(153)	441
813	BOYS GOLF EXTRAS	571	-	-	571
814	BOYS CROSS COUNTRY EXTRAS	86	400	-	486
815	BOYS SOCCER EXTRAS	52	999	-	1,051
816	GIRLS VOLLEYBALL EXTRAS	1,617	1,009	(482)	2,144
817	TRAINERS EXTRAS	3,223	761	(363)	3,621
819	ALL SPORTS EXTRAS	4,915	14,803	(4,603)	15,115
820	GIRLS SOCCER EXTRAS	2,846	-	(551)	2,295
821	GIRLS GOLF EXTRAS	15	-	-	15
822	GIRLS CROSS COUNTRY EXTRAS	36	-	-	36
830	DISTRICT ATHLETICS	267,365	(18,277)	(6,392)	242,696
831	DISTRICT CONCESSION	66,762	76,221	(60,650)	82,333
832	ATHLETICS (DISTRICT)	71,583	42,195	(69,752)	44,026
833	DISTRICT BASEMENT SUPPLY	677	-	(2,132)	(1,455)
836	DISTRICT SWIMMING	461	8,514	(8,367)	608
837	DRUG TESTING	100	-	-	100
840	ATHLETICS (SITES)	159,509	437,272	(425,066)	171,715
850	GENERAL	238,077	304,167	(330,465)	211,779
851	ACADEMIC TEAM	5,918	3,905	(3,894)	5,929
852	AGRICULTURE	23,035	82,936	(84,110)	21,861
853	AP EXAM	15,000	16,882	(16,891)	14,991
854	ART	20,421	30,961	(24,914)	26,468
855	A.H.S.C. ACTIVITIES	125	-	-	125
856	ASSISTANCE CLUB	19,190	8,645	(13,635)	14,200
857	ARTS IN EDUCATION	102	-	-	102
858	ACE	20,150	3,042	(4,976)	18,216
859	ADVANCE PLACEMENT	11	-	-	11
860	BAND	9,132	24,215	(28,212)	5,135
861	BUILDERS CLUB	3,022	3,083	(1,844)	4,261
862	BUSINESS	318	50	(289)	79
863	BOE REIMBURSEMENT	5,958	17,883	(15,592)	8,249
864	CAMPUS CRIME STOPPER	950	-	(9)	941
865	AMERICAN STUDIES CLUB	681	1,215	(783)	1,113
866	AMERICAN SIGN LANGUAGE	1,423	554	(241)	1,736
867	CHEERLEADERS	25,182	57,952	(46,671)	36,463
868	CHEMISTRY	3,878	1,528	(2,414)	2,992
869	CLOSE-UP	97	-	-	97
871	6TH GRADE TEAM	5,834	8,701	(7,056)	7,479
872	7TH GRADE TEAM	4,876	4,608	(3,602)	5,882
873	8TH GRADE TEAM	2,130	11,521	(11,477)	2,174

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2018

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITES</u>	<u>BALANCE JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2018</u>
875	CONCESSIONS	24,742	24,645	(35,620)	13,767
881	CULTURAL AWARENESS	1,368	25	(79)	1,314
883	COUNSELORS	1,984	(25)	-	1,959
884	ANIME	-	41	-	41
885	DRAMA	4,322	4,187	(3,225)	5,284
886	LETTERMEN CLUB	16,603	5,076	(5,222)	16,457
887	COMPUTER CLASS	669	259	(683)	245
888	AFRICAN AMER. MULT.	4,323	1,277	(1,758)	3,842
889	FFA	3,106	1,757	(3,153)	1,710
890	FCA	827	1,285	(1,140)	972
891	FCCLA	4,888	3,470	(3,230)	5,128
892	FBLA	135	-	-	135
893	CHARACTER ED	-	702	(509)	193
894	FENCING CLUB	1,184	-	(215)	969
895	FRENCH CLUB	1,790	1,349	(1,842)	1,297
896	FISHING CLUB	227	183	(60)	350
897	GERMAN CLUB	110	(110)	-	-
898	FFA HORTICULTURE	8,765	9,167	(9,245)	8,687
901	GIFTED/TALENTED	2,433	3,364	(3,456)	2,341
902	DRILL TEAM	12,718	23,856	(29,107)	7,467
903	MENTORSHIP PROGRAM	2,583	13,545	(11,337)	4,791
904	NEWSPAPER	638	364	(614)	388
905	LIBRARY	77,569	167,107	(162,396)	82,280
906	KEY CLUB	12,600	25,265	(26,485)	11,380
907	MATHEMATICS	4,375	2,382	(1,544)	5,213
908	NHS	11,175	9,421	(7,065)	13,531
909	NJHS	5,386	6,878	(5,242)	7,022
910	MISC. EXPENSE	18,307	47,972	(32,784)	33,495
911	NATIVE AMERICAN CLUB	4,473	1,141	(665)	4,949
912	MILITARY CHILD CLUB	3,377	3,421	(2,849)	3,949
913	OPEN DOORS	118	-	(49)	69
914	ORCHESTRA	7,509	23,723	(25,056)	6,176
915	PHYSICS	146	1,080	(1,050)	176
916	PHYSICAL EDUCATION	3,999	8,995	(3,710)	9,284
917	ROBOTICS	4,288	4,871	(4,353)	4,806
918	PEP CLUB	2,213	10,461	(10,885)	1,789
919	PICTURES	73,253	25,254	(25,547)	72,960
920	JROTC	33,588	39,343	(38,452)	34,479
921	RENAISSANCE	8,477	5,000	(4,793)	8,684
922	RESOURCE CENTER	10,003	845	(2,909)	7,939
924	SCIENCE CLUB	14,468	13,695	(12,519)	15,644
925	ELECTIVES	3,766	1,571	(865)	4,472
926	LPS STROLLING STRING	1,753	1,550	(1,281)	2,022
927	SPANISH CLUB	2,875	4,874	(4,573)	3,176

Lawton Independent School District No. 8
Comanche County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2018

<u>PROJECT NUMBER</u>	<u>PROJECT NAME ACTIVITIES</u>	<u>BALANCE</u>			<u>BALANCE</u>
		<u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 2018</u>
928	SPEECH & DEBATE	471	368	(445)	394
929	SPECIAL EDUCATION	10,882	1,803	(5,516)	10,559
931	STUDENT COUNCIL	35,107	86,710	(84,432)	38,735
932	HUMAN RESOURCES	800	-	(784)	16
933	STUDENT STORE	13,637	6,196	(10,581)	9,251
934	SENIORS 2020	419	1,624	(1,312)	802
935	SENIORS 2021	-	3,240	(2,028)	1,188
936	SENIORS 2022	7,659	(3,156)	-	7,659
937	SENIORS 2018	1,278	11,544	(7,732)	4,011
938	SENIORS 2019	97	1,285	(1,033)	335
939	AUTISM	1,091	1,702	(1,369)	1,423
940	SUMMER SCHOOL	860	-	-	860
941	RUNNING CLUB	378	-	-	378
942	DISTRICT TESTING	-	394	(269)	125
943	TECHNOLOGY	3,948	250	(2,349)	1,599
944	TECHNOLOGY STUDENT ASSOC	133	-	-	133
945	TEXTBOOKS	62	730	-	792
946	VOCAL MUSIC	22,822	103,028	(105,578)	20,197
947	TECH-NOW	4,208	515	(3,119)	1,579
949	PARTNER'S CLUB	-	100	(39)	261
950	STUDENT SERVICES	177	-	-	177
951	YEARBOOK	66,104	111,605	(122,966)	54,185
952	PARENT INVOLVEMENT	173	-	-	173
953	ACCELERATED READING	95	-	-	95
954	WEIGHTROOM LIFTATHON	4,159	15,687	(16,049)	3,797
957	MIDDLE LEAP	-	115	-	-
959	CHESS CLUB	565	-	(58)	507
960	COMMISSION	151,608	73,204	(80,607)	143,864
961	FRIENDS IN NEED	5,530	7,154	(3,356)	8,864
962	LPS CHRISTMAS CHEER	2,214	2,577	(1,667)	3,124
963	SCRAPBOOKING	923	20	(74)	869
964	INTERACT ROTARY CLUB	14	-	-	14
969	LAWTON JROTC DRILL MEET	1,435	(1,400)	-	35
970	X-TENDED TIME	26,772	42,970	(42,417)	28,860
971	X-TENDED TIME BOARD	-	250,488	(250,488)	564
973	TEEN COUNCIL	82	-	-	82
974	ARCHERY	8,641	(7,153)	(633)	9,004
975	HOLDING ACCOUNT	1,477	-	(224)	1,253
976	OKLAHOMA DECATHLON	-	-	-	-
977	SPEECH PATHALOGY	335	-	-	335
978	MEDIA CLUB	100	-	(100)	-
979	GAY STRAIGHT ALLIANCE	988	105	-	1,093
981	HOMELESS EDUCATION	5,675	5,070	(3,581)	5,139
983	YOUTH IN GOVERNMENT	799	7,060	(7,113)	746
984	DESIGNATED CONTRIBUTIONS	87,230	41,290	(35,279)	94,105
985	STAGE PRODUCTION	47	-	-	47
986	FACULTY IN-SERVICE	3	-	-	3
987	TITLE I SUMMER KINDERGARTEN AC	277	-	-	277
988	VISION IMPAIRED	527	-	-	527
989	AP ECONOMICS	2,987	360	(827)	2,161
990	SPECIAL OLYMPICS	12,190	19,556	(18,654)	8,957
991	MEDIA PRODUCTIONS	1,103	-	-	1,103
993	LEADERSHIP	507	-	(214)	293
994	LPS FOUNDATION GRANTS	-	107,168	(107,168)	1,292
995	FACULTY FUND	2,790	9,269	(9,061)	2,998
997	IPAD REPAIR/REPLACE	14,780	23,333	(6,765)	21,031
998	LAWTON COMMUNITY SERVICES	27	-	-	27
		39			
		1,948,753	2,614,501	(2,662,567)	1,901,475

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2017	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2018
U.S. Dept. of Education						
Direct Program						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (86,248)	\$ 228,174	\$ 230,696	\$ (88,770)
Impact Aid	84.041	591/592	\$ -	\$ 5,608,703	\$ 5,608,703	\$ -
Passed Through the Bureau of Indian Education						
Johnson-O'Malley Program	15.130	563	\$ 62,552	\$ 59,072	\$ 57,037	\$ 64,587
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (33,211)	\$ 87,308	\$ 74,046	\$ (19,949)
Vocational Education - Basic Grant to States - Supplement	84.048	424	(18,357)	18,357	-	-
			\$ (51,568)	\$ 105,665	\$ 74,046	\$ (19,949)
Passed Through State Department of Education:						
Title I, Grants to Local Educational Agencies	84.010	511/512/515/786	\$ (607,416)	\$ 3,614,038	\$ 3,611,797	\$ (605,175)
		613/615/621				
Special Education - Grants to States	84.027	/625	\$ (814,714)	\$ 3,069,418	\$ 3,016,484	\$ (761,780)
Special Education - Preschool Grants	84.173	641/642	(18,149)	68,348	65,134	(14,935)
Special Education Cluster			\$ (832,863)	\$ 3,137,766	\$ 3,081,618	\$ (776,715)
Title II - Part A Teacher and Principal Training and Recruiting Fund	84.367	541/786	\$ (100,991)	\$ 587,778	\$ 517,994	\$ (31,207)
Title II - Technical Assistance Allocation	84.367	543	(5,718)	5,718	-	-
			\$ (106,709)	\$ 593,496	\$ 517,994	\$ (31,207)
Title II - Part B Math and Science	84.336	542/544	-	-	-	-
Title III, Part A - Limited English Proficiency	84.365	571/572/786	(8,558)	79,133	73,379	(2,804)
Title X - Part C McKinney Homeless	84.196	596	(11,231)	68,090	69,514	(12,655)
			\$ (19,789)	\$ 147,223	\$ 142,893	\$ (15,459)

Lawton Independent School District No. 8
Comanche County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2017	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2018
<i>Passed Through State Department of Career and Vocational Education:</i>						
Job Training Department of Rehabilitation Services	84.126	456	(1,686)	99,383	97,828	(131)
Total U.S. Department of Education			<u>\$ (1,643,727)</u>	<u>\$ 13,593,520</u>	<u>\$ 13,422,612</u>	<u>\$ (1,472,819)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through Oklahoma State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 3,983,446	\$ 2,692,266	\$ 1,291,180
School Breakfast Program	10.553	764	-	1,746,855	1,180,636	566,219
Summer Food Service Program	10.559	766	(31,976)	80,953	119,944	(70,967)
Lunch Program - Commodities	10.555		15,131	452,336	460,378	7,089
Summer Food Service Program -Commodities	10.559		865	9,193	9,356	702
Child Nutrition Cluster			<u>\$ (15,980)</u>	<u>\$ 6,272,783</u>	<u>\$ 4,462,580</u>	<u>\$ 1,794,223</u>
Equipment Assistant Grant	10.579	791	-	-	20,502	(20,502)
Total U.S. Department of Agriculture			<u>\$ (15,980)</u>	<u>\$ 6,272,783</u>	<u>\$ 4,483,082</u>	<u>\$ 1,773,721</u>
<i>U.S. Department of Defense</i>						
<i>Direct Program</i>						
Community Economic Adjustment	12.600	772	\$ -	\$ 155,734	\$ 155,734	\$ -
STEM for K-12 & Institutions of Higher Learning--Science Grant	12.330	776	\$ -	\$ -	\$ -	\$ -
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- Middle Schools	12.556	777	\$ (147,622)	\$ 199,246	\$ 68,593	\$ (16,969)
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- Elementary Schools	12.556	775		\$ 18,815	\$ 246,719	\$ (227,904)
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools-- High Schools	12.556	779	\$ (26,174)	\$ 79,939	\$ 66,066	\$ (12,301)
Invitational Grants for Military-Connected Schools-Special Education	12.557	778	<u>\$ (103,262)</u>	<u>\$ 159,075</u>	<u>\$ 60,811</u>	<u>\$ (4,998)</u>
Total U.S. Dept. of Defense			<u>\$ (277,058)</u>	<u>\$ 612,809</u>	<u>\$ 597,923</u>	<u>\$ (262,172)</u>
Total Expenditures of Federal Awards			<u>\$ (1,936,765)</u>	<u>\$ 20,479,112</u>	<u>\$ 18,503,617</u>	<u>\$ 38,730</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lawton Independent School District No.8, Comanche County, OK, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Lawton Independent School District No. 8, Comanche County, OK.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

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

Note D: Subrecipients

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

OTHER INFORMATION

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Actual Variance
	Original	Final		With Final Budget
REVENUE				
Property Taxes	\$ 13,985,594	\$ 13,985,594	\$ 15,837,333	\$ 1,851,739
Interest	1,686	1,686	436,436	434,750
County Revenue	3,015,660	3,015,660	2,346,482	(669,178)
State Revenue	69,247,216	69,247,216	69,816,478	569,262
Federal Revenue	22,337,652	22,337,652	20,098,471	(2,239,181)
Other	351,083	351,083	1,691,975	1,340,892
Total Revenue	<u>\$ 108,938,891</u>	<u>\$ 108,938,891</u>	<u>\$ 110,227,175</u>	<u>\$ 1,288,284</u>
EXPENDITURES				
Current				
Instruction	\$ 88,760,008	\$ 88,760,008	\$ 57,729,453	\$ 31,030,555
Support Services	23,786,367	23,786,367	43,873,692	(20,087,325)
Non-instruction Services	7,975,345	7,975,345	7,434,757	540,588
Other Outlays	5,604,179	5,604,179	271,304	5,332,875
Total Expenditures	<u>\$ 126,125,899</u>	<u>\$ 126,125,899</u>	<u>\$ 109,427,936</u>	<u>\$ 16,697,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (17,187,008)</u>	<u>\$ (17,187,008)</u>	<u>\$ 799,239</u>	<u>\$ 17,986,247</u>
Other Financing Sources				
Transfers In	\$ 330,000	\$ 330,000	307,679	(22,321)
Total Other Financing Sources	<u>330,000</u>	<u>330,000</u>	<u>307,679</u>	<u>(22,321)</u>
Net Change in Fund Balance	(16,857,008)	(16,857,008)	1,106,918	17,963,926
Fund Balance - Beginning	16,857,008	16,857,008	16,857,008	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,963,926</u>	<u>\$ 17,963,926</u>

Lawton Independent School District No. 8
Comanche County, Oklahoma
Budgetary Comparison Schedule –Building (Unaudited)
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 1,999,622	\$ 1,999,622	\$ 2,283,726	\$ 284,104
Federal Revenue	169,000	169,000	155,734	(13,266)
Total Revenue	<u>\$ 2,169,849</u>	<u>\$ 2,169,849</u>	<u>\$ 2,439,460</u>	<u>\$ 269,611</u>
EXPENDITURES				
Current				
Instruction	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Support Services	3,576,881	3,576,881	1,853,815	1,723,066
Non-instruction Services	-	-	-	-
Capital Outlay	169,000	169,000	219,309	(50,309)
Total Expenditures	<u>\$ 3,805,881</u>	<u>\$ 3,805,881</u>	<u>\$ 2,073,124</u>	<u>\$ 1,732,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,636,032)	(1,636,032)	366,336	2,002,368
Fund Balance - Beginning	1,636,032	1,636,032	1,636,032	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002,368</u>	<u>\$ 2,002,368</u>

Lawton Independent School District No. 8
 Comanche County, Oklahoma
 Statement of Statutory Fidelity and Honesty Bonds (unaudited)
 For the Year Ended June 30, 2018

<u>Bonding Company</u>	<u>Position Bond Type</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Dates</u>
CAN Surety	Superintendent	0601-71399290	\$100,000	7/1/2017 - 6/30/2018
American States	Treasurer	32S108651	\$100,000	7/1/2017 - 6/30/2018
American States	Assistant Treasurer	32S108651	\$100,000	7/1/2017 - 6/30/2018
	Custodian of Activity			
American States	Fund	32S108651	\$10,000	7/1/2017 - 6/30/2018
	Assistant Custodian			
American States	of Activity Fund	32S108651	\$1,000	7/1/2017 - 6/30/2018
American States	Clerk	32S108651	\$1,000	7/1/2017 - 6/30/2018
American States	Deputy Clerk	32S108651	\$1,000	7/1/2017 - 6/30/2018
American States	Minutes Clerk	32S108651	\$1,000	7/1/2017 - 6/30/2018
American States	Encumbrance Clerk	32S108651	\$1,000	7/1/2017 - 6/30/2018

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, 2018, 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 29, 2019. 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 included a qualified regulatory basis opinion on governmental activities and unmodified regulatory basis opinion on major funds and aggregate remaining funds.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2018-001 and 2018-002

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawton Independent School District No. 8, Comanche County, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2018-002.

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

Lawton Independent School District No. 8's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lawton Independent School District No. 8's response was not subjected to the auditing procedures applied in the audit of the 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 E Johnson & Associates PLLC

Ardmore, Oklahoma
April 29, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs for the year ended June 30, 2018. Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lawton Independent School District No. 8, Comanche County, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lawton Independent School District No. 8, Comanche County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on CFDA 12.556 Promoting K-12 Student Achievement at Military-Connected Schools

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 CFDA 12.556 Promoting K-12 Student Achievement at Military-Connected Schools as described in finding 2018-004 for Unallowed & Allowable costs/cost principles. Compliance with such requirements is necessary, in our opinion, for Lawton Independent School District No. 8, Comanche County, Oklahoma to comply with requirements applicable to that program.

Qualified Opinion on CFDA 12.556 Promoting K-12 Student Achievement at Military-Connected Schools

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lawton Independent School District No. 8, Comanche County, Oklahoma complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on CFDA 12.556 Promoting K-12 Student Achievement at Military-Connected Schools for the year ended June 30, 2018.

Basis for Qualified Opinion on CFDA 12.557 Military-Connected Schools-DoDEA Grant

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 CFDA 12.557 Military-Connected Schools-DoDEA Grant as described in finding 2018-005 for Unallowed & Allowable costs/cost principles. Compliance with such requirements is necessary, in our opinion, for Lawton Independent School District No. 8, Comanche County, Oklahoma to comply with requirements applicable to that program.

Qualified Opinion on CFDA 12.557 Military-Connected Schools-DoDEA Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lawton Independent School District No. 8, Comanche County, Oklahoma complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on CFDA 12.557 Military-Connected Schools-DoDEA Grant for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Lawton Independent School District No. 8, Comanche County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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 2018-003. Our opinion on each major federal program is not modified with respects to these matters.

Lawton Independent School District No. 8, Comanche County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lawton Independent School District No. 8, Comanche County, Oklahoma's

response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-003 thru 2018-005, that we consider to be material weaknesses.

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

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

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
April 29, 2019

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

Type of auditors' report issued on compliance for major programs:	
84.010 Title I	Unmodified
84.041 Impact Aid	Unmodified
12.557 Invitational Grants for Military Connected Schools	Qualified
12.556 Promoting K-12 Student Achievement at Military Connected Schools	Qualified

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I
84.041	Impact Aid
12.557	Invitational Grants for Military Connected Schools
12.556	Promoting K-12 Student Achievement at Military Connected Schools

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
--	----	---------

Auditee qualified as a low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	-------------------	-----------------

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Financial Statement Findings

2018-001 Financial Reporting

Condition: Material adjustments related to debt and long term liabilities were necessary to prepare the financial statements. In addition, the District was not able to provide supporting documentation to report capital assets as required by the State Department of Education guidelines.

Criteria: Generally accepted auditing standards require the financial statements to be a product of the financial reporting system of the entity being audited. The government should be able to provide evidence that a sound financial reporting system is in place to provide reasonable assurance that management is able to prepare the financial statements in conformity with the financial reporting framework.

Cause: Management has transitioned and a new financial process has not been implemented.

Effect: Potential that a material misstatement of the government’s financial statements will not be prevented or detected on a timely basis. The District was not able to demonstrate that a financial reporting system was in place at a sufficient level to assess the adequacy. An audit scope limitation was necessary due to a material financial asset that could not be audited.

Recommendation: We recommend that the District evaluate its financial reporting system. The system needs to provide documentation to evaluate its adequacy and minimize the likelihood of material audit adjustments.

*Views of Responsible Officials
and Planned Corrective*

Action: The District’s financial reporting system was put in place by the previous finance director. The system that was setup in the past was not conducive to use by the current staff. Changes in the processes in the finance department have been implemented. The software vendor has conducted training and is reevaluating the processes and procedures used. Ongoing changes should address efficiency and effectiveness of the finance department and minimize control issues.

2018-002 Negative Fund Balance

Condition: Gifts Fund 81 has negative fund balance of \$5,500

Criteria: Oklahoma Statutes Title 70-5-157 B.1states: It shall be unlawful for any officer or employee of the school district in any budget year, to create or authorize creation of a deficit in any fund.

Cause: Checks issued exceed available resources.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Effect: Risk of overspending funds.
Recommendation: We recommend that the District evaluate monitoring procedures of funds to ensure they have adequate resources before issuing checks.

*Views of Responsible Officials
and Planned Corrective*

Action: Reporting issues were encountered when uploading data to the State Department of Education. District records indicated that the fund had a positive balance. The Finance department is structured to ensure monitoring procedures of all accounts are adhered to so that the possibility of a negative balance is avoided.

Section III – Federal Award Findings and Questioned Costs

2018-003 Preparation of Schedule of Expenditures of Federal Awards (SEFA)

Condition: The schedule of expenditures of federal awards was not prepared by the auditee. Controls were not operating to ensure federal expenditures were properly reconciled to federal revenues.

Criteria: 2 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 must include the total federal awards expended as determined in accordance with §200.502.

Context: During review of federal expenditures, material adjustments were required to properly report expenditures on the schedule of expenditures of federal awards when reconciled with federal revenues received and requested.

Cause: Due to change in management at year end, final reconciliation of federal expenditures to federal revenues was not completed. The financial reporting process was unable to demonstrate that the auditee could prepare the SEFA.

Effect: Risk of material misstatements of federal expenditures

Recommendation: We recommend that the District evaluates its financial reporting system to include adequate controls over the accumulation of federal awards expended for the preparation of the SEFA.

*Views of Responsible
Officials And Planned*

Corrective Action: The District’s financial reporting system has been modified to ensure that the reports needed to reconcile expenditures to that of all Federal grants can be prepared to remove any risk of material misstatement. Personnel responsible for

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

this area will be provided additional training to ensure that, in instances of personnel changes, required actions occur without interruption or neglect.

U.S. Department of Defense

**2018-004 Promoting K-12 Student Achievement at Military-Connected Schools
CFDA#12.556 (OCAS Project 775, 777 & 779)**

Condition: Federal program expenditures related to salaries/wages did not have proper 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. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award.

Context: A sample of 83 was selected for a small population less than 250. Ten expenditures were paid related with salaries/wages, which was not properly supported by time and effort documentation.

Cause: Internal controls were not implemented related to personnel expenses paid with DoD federal funds.

Effect: Risk of unallowable expenditures paid with federal dollars.

Recommendation: We recommend that the District implement proper controls for compliance with time and effort standards related to personnel costs paid with DoD federal funds.

*Views of Responsible
Officials And Planned*

Corrective Action: The DoD grant department has been furnished with a sample spreadsheet currently being used by the other federal program administrators to properly track and monitor time and effort of all employees paid out of federal grants. The necessary steps have been taken and procedures put in place to ensure that time and effort is tracked and monitored as required.

U.S. Department of Defense

**2018-005 Invitational Grants for Military-Connected Schools--DoDEA Grant
CFDA#12.557 (OCAS Project 778)**

Condition: Federal program expenditures related to salaries/wages did not have proper time and effort documentation.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

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. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award.

Context: A sample of 6 was selected for a small population. Two expenditures were paid related with salaries/wages, which was not properly supported by time and effort documentation.

Cause: Internal controls were not implemented related to personnel expenses paid with DoD federal funds.

Effect: Risk of unallowable expenditures paid with federal dollars.

Recommendation: We recommend that the District implement proper controls for compliance with time and effort standards related to personnel costs paid with DoD federal funds.

Views of Responsible Officials And Planned Corrective Action: The DoD grant department has been furnished with a sample spreadsheet currently being used by the other federal program administrators to properly track and monitor time and effort of all employees paid out of federal grants. The necessary steps have been taken and procedures put in place to ensure that time and effort is tracked and monitored as required.

Lawton Independent School District No. 8
Comanche County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Defense

**2017-001 Promoting K-12 Student Achievement at Military-Connected Schools
CFDA#12.556 (OCAS Project 777 & 779)**

Condition: Federal program funds were used to fund elementary site professional development, but only allowed for middle school and high school.

Recommendation: The auditor recommended that the District stress the importance of the proper internal controls established and that they should be followed.

Status: Condition has been resolved

U.S. Department of Defense

**2017-002 Promoting K-12 Student Achievement at Military-Connected Schools
CFDA#12.556 (OCAS Project 777 & 779)**

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

Recommendation: The auditor recommended that the District implement policy and procedures related to purchasing of equipment with Federal funds.

Status: Condition has been resolved

U.S. Department of Defense

**2017-003 Invitational Grants for Military-Connected Schools--DoDEA Grant
CFDA#12.557 (OCAS Project 778)**

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

Recommendation: The auditor recommended that the District implement policy and procedures related to purchasing of equipment with Federal funds.

Status: Condition has been resolved

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

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Lawton Independent School District No. 8 for the audit year 2017-2018.

MARY E. JOHNSON & ASSOCIATES, PLLC

BY: Mary E Johnson
Authorized Agent

Subscribed and sworn to before me on this 1st day of May, 2019.

Jillian Luker
Notary Public

Commission Number: _____



My commission expires on: _____, 20__.