



**LAWTON COMMUNITY SCHOOLS**  
**STATE OF MICHIGAN, COUNTIES OF VAN BUREN AND KALAMAZOO**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2021**

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# SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Lawton Community Schools, State of Michigan, Counties of Van Buren and Kalamazoo

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawton Community Schools (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### Auditors' 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 *Governmental 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 auditors' 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 opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lawton Community Schools as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note L to the financial statements, the District implement GASB statement No. 84, *Fiduciary Activities*. The standard was applied retroactively to all prior periods. As a result, the District's beginning net position and fund balance have been restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the administration's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability and contributions, and schedules of proportionate share of net OPEB liability and contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses 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.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information, as identified in the table of contents, is 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

*Seber Tans, PLC*

Seber Tans, PLC  
Kalamazoo, Michigan  
October 25, 2021

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Administration's Discussion and Analysis  
For the Year Ended June 30, 2021**

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**District-Wide Financial Statements**

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

**Fund Financial Statements**

The fund financial statements focus on individual parts of the District, reporting the District's operation in more detail than the District-wide statements. The fund financial statements are reported on a *modified accrual basis*. Only those assets that are *measurable* and *currently available* are reported. Recognition of liabilities is limited to the extent that there is reasonable expectation that those obligations will be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Lawton Community Schools include fiduciary funds, debt funds, and a special revenue fund for food service.

Lawton Community Schools is the trustee, or fiduciary, for its student activity funds and for a number of scholarships established for the benefit of our students. These fiduciary activities are reported in separate statements of fiduciary net position. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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**Financial Analysis of the District as a Whole**

Summary of Net Position

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets	\$ 6,826,370	\$ 8,535,991
Capital assets, net book value	<u>23,362,528</u>	<u>21,264,944</u>
<b>TOTAL ASSETS</b>	<u>30,188,898</u>	<u>29,800,935</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on pension and OPEB	<u>4,671,706</u>	<u>5,907,709</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>4,671,706</u>	<u>5,907,709</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>34,860,604</b></u>	<u><b>35,708,644</b></u>
<b>LIABILITIES</b>		
Current liabilities	2,886,035	3,155,094
Long-term liabilities	<u>45,797,844</u>	<u>47,660,393</u>
<b>TOTAL LIABILITIES</b>	<u>48,683,879</u>	<u>50,815,487</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on pension and OPEB	<u>2,677,037</u>	<u>2,554,452</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u><b>51,360,916</b></u>	<u><b>53,369,939</b></u>
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	(771,569)	(1,093,877)
Restricted	1,605,700	697,774
Unrestricted	<u>(17,334,443)</u>	<u>(17,265,192)</u>
<b>TOTAL NET DEFICIT</b>	<u><b>\$ (16,500,312)</b></u>	<u><b>\$ (17,661,295)</b></u>

2020 Summary of Net Position has not been updated to reflect the change in accounting principle.

The above table provides a summary of the District's net position as of June 30, 2021 and 2020. The net position of the District was \$(16,500,312) at year end June 30, 2021, which is a result of liabilities exceeding asset values.

Net investment in capital assets totaling \$(771,569), compares the original cost, less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The District's proportionate share of the net pension and OPEB liability was \$19,371,612 and \$2,994,685, respectively. The total net position decreased by \$582,008 for the year ended June 30, 2021. This compares to an increase of \$354,441 for the year ended June 30, 2020.

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The results of this year's operations for the District as a whole are reported in the table below and it shows what items changed between the fiscal years to change overall net position. Reconciliation of the difference between the increase in net position and the increase in fund balance is on page 13.

Statement of Activities

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 97,763	\$ 206,855
Operating grants	2,826,468	1,645,501
General revenues:		
Property taxes	3,434,645	3,299,103
State foundation allowance	7,635,718	7,325,584
Other	88,459	85,752
<b>TOTAL REVENUES</b>	<u>14,083,053</u>	<u>12,562,795</u>
<b>EXPENSES</b>		
Instruction and instructional support	6,969,756	7,231,296
Support services	3,472,770	3,229,255
Food services	684,376	625,056
Student activities	85,005	-
Interest	584,922	825,374
Capital Outlay	271,093	36,215
Depreciation (unallocated)	978,963	970,040
<b>TOTAL EXPENSES</b>	<u>13,046,885</u>	<u>12,917,236</u>
<b>CHANGE IN NET POSITION</b>	<u><b>\$ 1,036,168</b></u>	<u><b>\$ (354,441)</b></u>

2020 Statement of Activities has not been updated to reflect the change in accounting principle.

In fiscal year 2021, the District received just under 79% of its general revenue from State School Aid and local property taxes, which is typical. The remaining revenue comes from the Athletic Program, Federal Title and Medicaid programs and the local Intermediate School District grant programs.

Most of the State of Michigan State School Aid is unrestricted and based on three variables:

1. State of Michigan State School Aid Act per student foundation allowance
2. Student enrollment calculated by blending 90% of the current year fall count and 10% of the prior school year's February count (for 2020-21 only, a new super blend was used by adding 75% of the 2019-20 blended count and 25% of the 2020-21 blended count)
3. The District's non-homestead property tax levy

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*Per Student Foundation Allowance*

Annually as part of its budget process, the Michigan legislature announces a dollar amount for the per pupil foundation allowance for each public school student in the State. The per pupil foundation allowance in fiscal year 2021 remained the same as fiscal year 2020 at \$8,111 per student. In addition to the per pupil foundation allowance, the State also provided the following categorical funds: At-Risk, Early Literacy Instruction, CTE Pupil Incentives, Increasing Enrollment and Special Education.

*Student Enrollment*

The District's student enrollment for fall of 2020-2021 was finalized at 972.85 students (FTE), which represented a slight increase in enrollment from the prior year. The actual 2020 fall count was 11 students more than predicted during the budget process. The following table summarizes fall student enrollments in the past five years:

<b>October</b>	<b>K-5</b>	<b>6-8</b>	<b>9-12*</b>	<b>Total</b>
2016	409	236	362	1,007
2017	410	251	326	987
2018	420	241	317	978
2019	419	230	322	971
2020	424	222	327	973

Fall 2021-2022 student count was projected to be 983, but current estimates show that enrollment will increase to about 1,009 for the Fall 2020-21 student count. This increase is largely due to enrollment at the LAAC nearly doubling from the prior year.

\*Includes Lawton Accelerated Academic Center students.

*Property Taxes Levied for General Operations*

In fiscal year 2020-2021, the District levied 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable value increase in property is capped at the lesser of the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50% of the market value. The following summarizes the local tax revenues in dollars, and as a percent of all general revenues for the past five years:

<b>Fiscal Year</b>	<b>Non-Homestead Tax Revenue</b>	<b>% of General Revenue</b>
2016-2017	\$1,070,003	11.5
2017-2018	\$1,102,736	11.6
2018-2019	\$1,247,078	11.9
2019-2020	\$1,149,463	11.8
2020-2021	\$1,213,309	10.9



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*Local Property Tax History*

In fiscal year 2020-2021, the non-homestead property tax revenue increased by around 5.5% from the prior year.

Capital Assets

As part of a solid financial plan, the District commits funds each year to the maintenance, repair and replacement of its capital assets. The general fund has committed \$360,000 of fund balance for capital expenditures as of June 30, 2021. The District also continues to maintain a complete inventory of physical assets to ensure that asset values are as current as possible. From this information, the District updates inventory records annually in order to continue to accurately report the value of physical assets.

Long-Term Debt

The District continued to make significant principal payments on its other existing long-term obligations during the year, the net result of these payments is a principal balance decrease to \$24.46 million, from \$25.6 million, at 2020 fiscal year-end. The District will start paying back past borrowings from the Annual School Bond Qualification & Loan Program and continue to recognize long-term savings from the refunding of two bonds that took place in fiscal years 2015 and 2019.

Original versus Amended Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The projected budget for 2020-2021 was originally approved on June 29, 2020 and amended on February 25, 2021 and June 21, 2021.

General Fund Revenues

Total revenues – final amended budget	\$ 10,863,808
Total revenues – original budget	<u>9,191,900</u>
	<u>\$ 1,671,908</u>

The increase in revenue from the original budget was due to several main factors. The original budget projected a loss of 10 students and a loss of \$700 per pupil in the foundation allowance. Actual student enrollment held steady, and the foundation grant remained at the same rate from the prior year. This accounts for about half the increase from the original budget. Another major factor was additional federal funding of \$656,000 for COVID related costs. The Unfunded Actuarial Accrued Liability (UAAL) funds received from the State of Michigan were also more than initially budgeted, but this is directly offset on the expenditure side. There were other smaller adjustments to State Aid categoricals, Title I, and other miscellaneous grants.

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General Fund Expenditures

Total expenditures/other financing uses – final amended budget	\$ 10,158,622
Total expenditures/other financing uses – original budget	<u>9,402,076</u>
	<u>\$ 756,546</u>

With the uncertainty of State/Federal funding during the initial budget process, the District anticipated a deficit for the 2020-2021 fiscal year. Several positions were eliminated, capital outlays were put on hold and supply budgets were reduced. After the per pupil foundation allowance was known and as other funding sources became available, the expenditures budgeted increased overall by \$756,546. The most significant increases from the originally approved budget are as follows:

- a) Several teaching and support positions were brought back along with additional support staff for virtual learning and elementary supervision. Some of the increase in wages and benefits were offset by the decrease in the need for substitute teachers and support staff wages for those that chose not to work on Wednesdays when instruction was virtual. UAAL costs were also increased and offset by revenue received in State Aid. These factors along with a higher-than-average year for retiree payouts increased the overall budget by over \$240,000.
- b) A few capital outlays that were put on hold were added to the budget along with additional expenditures for COVID related technology and operating items such as Chromebooks for the one-to-one initiative, cleaning equipment, and projects to improve air quality. A new school bus was also added to the budget. These additions increased the budget by around \$490,000.
- c) The supplies budgets increased significantly. Most of these expenditures are attributed to personal protection equipment and cleaning supplies that were funded by federal grants.
- d) Since school was virtual on Wednesdays, the District was able to reduce the budget in other areas such as transportation costs.

Economic Factors and Next Year’s Budget and Rates

The main system for funding schools remains the receipt of State School Aid funds based on a per pupil foundation allowance, times a blended number determined to be the district student count. Many factors, including political and economic factors, often influence the per pupil amount that is determined by the State each year. The District is continually evaluating the impact of the pandemic as there is the potential for state and federal funding to change.

Maximizing student count continues to be a goal the District needs to achieve in order to maximize revenue. School of Choice is a large factor influencing student enrollment. Online learning remains a way to get an education and public schools are being forced to compete in that business or lose students. This educational option has assisted the District in keeping its high priority of being proactive in retaining students, as well as attracting new students in order to maximize State School Aid revenues.

On the expenditure side, there are always challenges with ever-increasing costs. The District has received Federal funding that will help offset the additional costs incurred due to the pandemic. The District continues to be diligent in monitoring for efficiency in operations to combat increases in expense.

In other business, the District negotiated three year contracts for the Lawton Education Association (LEA) and the Lawton Education Support Personnel Association (LESPA).

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The District continues its financial diligence and conservative planning and purchasing in order to accomplish its goal of being fiscally responsible to taxpayers while providing quality education for its students, as well as maintaining its facilities. The District has developed a strategic plan that will guide it through several years of operations, further diligently planning the use of its resources.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Additional detail, including the required Budget and Salary Compensation Transparency Reporting, is available on the District's website ([www.lawtoncs.org](http://www.lawtoncs.org)). Questions concerning this report or requests for additional information should be addressed to Superintendent Benjamin Bandfield at [bbandfield@lawtoncs.org](mailto:bbandfield@lawtoncs.org).

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**District-Wide Statement of Net Position**  
**June 30, 2021**

<b>ASSETS</b>	<b>Governmental Activities</b>
Current Assets	
Cash	\$ 1,796,518
Investments	2,642,712
Due from other governments	1,854,264
Inventory	9,877
Restricted cash - escrow	522,999
Total Current Assets	<u>6,826,370</u>
Property and Equipment	
Capital assets, net of accumulated depreciation	<u>23,362,528</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	3,632,721
Deferred amount related to other postemployment benefits	1,038,985
Total Deferred Outflows of Resources	<u>4,671,706</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 34,860,604</u></b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 385,602
Salaries payable and related withholdings	1,018,160
Accrued interest	119,257
Current maturities of bonds payable	1,363,016
Total Current Liabilities	<u>2,886,035</u>
Bonds Payable, net of current maturities	23,084,547
Net Pension Liability	19,371,612
Net Other Postemployment Benefits Liability	2,994,685
Compensated Absences	<u>347,000</u>
Total Liabilities	<u>48,683,879</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	325,675
Deferred amount related to other postemployment benefits	2,351,362
Total Deferred Inflows of Resources	<u>2,677,037</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>\$ 51,360,916</u></b>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	(771,569)
Restricted for:	
Debt	1,179,877
Food service	304,196
Student activities	121,627
Unrestricted	(17,334,443)
<b>Total Net Deficit</b>	<b><u>\$ (16,500,312)</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
District-Wide Statement of Activities  
For the Year Ended June 30, 2021**

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants</u>	
<b>Functions/Programs</b>				
Governmental activities:				
Instruction & instructional support	\$ (6,969,756)	\$ 47,000	\$ 1,948,449	\$ (4,974,307)
Support services	(3,472,770)	34,039	-	(3,438,731)
Food services	(684,376)	16,724	878,019	210,367
Student activities	(85,005)	-	-	(85,005)
Interest on long-term debt	(584,922)	-	-	(584,922)
Capital outlay	(271,093)	-	-	(271,093)
Depreciation (unallocated)	(978,963)	-	-	(978,963)
<b>Total Governmental Activities</b>	<b>\$ (13,046,885)</b>	<b>\$ 97,763</b>	<b>\$ 2,826,468</b>	<b>\$ (10,122,654)</b>

GENERAL REVENUES:

Taxes:

Property taxes, levied for general obligations	\$ 1,213,309
Property taxes, levied for debt service	2,221,336
State of Michigan aid, unrestricted	7,635,718
Donations and other general revenue	2,500
Interest and investment earnings	4,142
Miscellaneous revenue	81,817
<b>Total General Revenues</b>	<b>11,158,822</b>

**CHANGE IN NET DEFICIT** **1,036,168**

Net Deficit, Beginning of Year (Restated) (17,536,480)

**Net Deficit, End of Year** **\$ (16,500,312)**

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Balance Sheet - Governmental Funds and the Reconciliation of the**  
**Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

	<u>General</u>	<u>2019 Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Total Govern- mental</u>
<b>ASSETS</b>				
Cash	\$ 641,403	\$ 14,847	\$ 1,140,268	\$ 1,796,518
Investments	2,056,993	585,719	-	2,642,712
Due from other funds	93,050	-	-	93,050
Due from other governments	1,809,156	-	45,108	1,854,264
Inventory	-	-	9,877	9,877
Restricted cash - escrow	-	-	522,999	522,999
<b>Total Assets</b>	<b><u>\$ 4,600,602</u></b>	<b><u>\$ 600,566</u></b>	<b><u>\$ 1,718,252</u></b>	<b><u>\$ 6,919,420</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 190,732	\$ 167,843	\$ 9,492	\$ 368,067
Salaries payable and related withholdings	1,018,160	-	-	1,018,160
Due to other funds	-	-	93,050	93,050
Deferred revenue	7,525	-	10,010	17,535
<b>Total Liabilities</b>	<b><u>1,216,417</u></b>	<b><u>167,843</u></b>	<b><u>112,552</u></b>	<b><u>1,496,812</u></b>
Fund Balances				
Nonspendable	-	-	9,877	9,877
Restricted for:				
Capital projects	-	432,723	-	432,723
Debt	-	-	1,179,877	1,179,877
Food service	-	-	244,319	244,319
Student activities	-	-	121,627	121,627
Committed for:				
Capital expenditures	360,000	-	-	360,000
Food service	-	-	50,000	50,000
Unassigned	3,024,185	-	-	3,024,185
<b>Total Fund Balances</b>	<b><u>3,384,185</u></b>	<b><u>432,723</u></b>	<b><u>1,605,700</u></b>	<b><u>5,422,608</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 4,600,602</u></b>	<b><u>\$ 600,566</u></b>	<b><u>\$ 1,718,252</u></b>	<b><u>\$ 6,919,420</u></b>
Reconciliation of the balance sheet - governmental funds to the statement of net position:				
Total governmental fund balances				\$ 5,422,608
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and are not reported in the funds:				
The cost of the capital assets is	41,468,387			
Accumulated depreciation is	<u>(18,105,859)</u>			23,362,528
Deferred inflows related to other postemployment benefits				(2,351,362)
Deferred inflows related to pension				(325,675)
Deferred outflows related to other postemployment benefits				1,038,985
Deferred outflows related to pension				3,632,721
Long term liabilities that are not due and payable in the current period and are not reported in the funds:				
Net other postemployment liability				(2,994,685)
Net pension liability				(19,371,612)
Bonds payable				(24,447,563)
Compensated absences				(347,000)
Accrued interest is not included as a liability in governmental funds				<u>(119,257)</u>
<b>Net Position of Governmental Activities</b>				<b><u>\$ (16,500,312)</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>2019 Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Total Govern- mental</u>
<b>REVENUES</b>				
Local sources	\$ 1,300,544	\$ -	\$ 2,319,877	\$ 3,620,421
Intermediate sources	427,426	-	-	427,426
State sources	8,200,804	-	39,251	8,240,055
Federal sources	942,885	-	848,124	1,791,009
Interest	1,773	2,227	142	4,142
Total Revenues	<u>10,873,432</u>	<u>2,227</u>	<u>3,207,394</u>	<u>14,083,053</u>
<b>EXPENDITURES</b>				
Education				
Instruction	6,226,176	-	-	6,226,176
Support services	3,472,770	-	-	3,472,770
Food service	-	-	684,376	684,376
Student activities	-	-	85,005	85,005
Capital outlay	320,597	2,915,779	111,264	3,347,640
Debt service				
Principal	-	-	1,280,000	1,280,000
Interest	-	-	590,505	590,505
Total Expenditures	<u>10,019,543</u>	<u>2,915,779</u>	<u>2,751,150</u>	<u>15,686,472</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u><b>853,889</b></u>	<u><b>(2,913,552)</b></u>	<u><b>456,244</b></u>	<u><b>(1,603,419)</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	-	-	371,453	371,453
Operating transfer out	(179,561)	-	(191,892)	(371,453)
Proceeds from school bond loan fund	-	-	115,475	115,475
Total Other Financing Sources (Uses)	<u>(179,561)</u>	<u>-</u>	<u>295,036</u>	<u>115,475</u>
<b>Net Change in Fund Balances</b>	674,328	(2,913,552)	751,280	(1,487,944)
Fund Balances Beginning of Year as Restated	<u>2,709,857</u>	<u>3,346,275</u>	<u>854,420</u>	<u>6,910,552</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ 3,384,185</b></u>	<u><b>\$ 432,723</b></u>	<u><b>\$ 1,605,700</b></u>	<u><b>\$ 5,422,608</b></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net change in fund balance - total governmental funds \$ (1,487,944)

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Loss on disposal of asset	-	
Depreciation expense	(978,963)	
Capital outlay	<u>3,076,547</u>	2,097,584

Amortization of discount on bonds payable. Bond obligations payable are not recognized in governmental funds until paid. Accordingly, discounts and the related amortization to interest expense is not recorded in the governmental funds but is reported as a reduction to interest expense in the statement of activities. (11,802)

Premium recognized as a result of bond refunding 35,811

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid. (18,427)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term bonds payable). 1,280,001

Increase in compensated absence payable is reported in the statement of activities when incurred; it is not reported in governmental funds until paid. 33,000

Repayment of net pension liability is an expenditure in the governmental funds, but not in the statement of activities (where it reduces net pension liability). (1,286,848)

Repayment of net other postemployment benefit liability is an expenditure in the governmental funds, but not in the statement of activities (where it reduces net pension liability). 510,268

Proceeds from bond issuance is revenue in the governmental funds, but not in the statement of activities (where it increases long-term bonds payable). (115,475)

**Change in Net Position of Governmental Activities** \$ 1,036,168

The Accompanying Notes are an Integral Part of These Financial Statements.



**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Statement of Fiduciary Net Position  
June 30, 2021**

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	<b>Private Purpose – Scholarships</b>
<b>ASSETS</b>	
Cash	<u>\$ 19,160</u>
<b>NET POSITION</b>	
Restricted for scholarships	<u><u>\$ 19,160</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2021**

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	<b>Private Purpose – Scholarships</b>
<b>ADDITIONS</b>	
Interest	\$ -
<b>DEDUCTIONS</b>	
Scholarship distribution	-
<b>CHANGE IN NET POSITION</b>	-
Net Position, Beginning of Year	19,160
<b>Net Position, End of Year</b>	<b>\$ 19,160</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies**

The accounting policies of Lawton Community Schools (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the District.

Reporting Entity

The District is an independent entity with an elected Board of Education. The Board has complete oversight responsibility and is responsible for all financial matters except property tax assessment and collection, which is handled by the cities and townships. The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, there are no component units that are included in this report.

District-Wide Financial Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the district's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position and fund balance are available, the District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the District's policy to spend funds in this order: committed, assigned, and unassigned.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The 2019 Capital Projects Fund is a capital projects fund used to track the financial resources acquired and used for major capital expenditures from the proceeds of the District's 2019 School Building and Site Bond.

Additionally, the District reports the following non-major fund types:

The 2017 Capital Projects Fund is used to record interest, other revenue for payment, and expenses associated with energy conservation purposes and capital expenditures related to energy conservation.

The 2013, 2015A, 2015B, 2017 QZAB, 2019A and 2019B Debt Service Funds are used to record tax, interest, and other revenue, and for payment of principle, interest and other expenditures on long-term debt.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The School Service Funds maintained by the District are the Food Service Fund and the Student Activities Fund.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity for private purpose scholarships. Fiduciary Fund net position and results of operations are not included in the government-wide statements.

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Assets, Liabilities, and Net Position or Equity

*Deposits and Investments*

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

*Receivables and Payables*

In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Taxes are levied on December 1 and are collected through February 28 by various local units for the District. The local units then remit to the District any delinquent real property taxes by June 30.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is generally funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state’s School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

*Property Taxes*

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year’s Consumer Price Index increase or 5%, whichever is less. At the time the property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property’s market value.

For the year ended June 30, 2021, the District’s non-homestead property tax collections were approximately \$1,213,000. This is a 5.6% increase from the prior year.

The District levies 9.6 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount collected for debt retirement during the year ended June 30, 2021 was approximately \$2,220,000. This is a 3.3% increase from the prior year.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

*Capital Assets*

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The District does not have infrastructure type assets.

Building, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

*Compensated Absences*

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

*Deferred Outflows/Inflows of Resources*

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period and will not be recognized as an outflow of resources until then.

The District has several items that qualify for reporting in these categories and are reported in the district-wide financial statement of net position. These items correspond to the District's net pension liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

*Long-Term Obligations*

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

*Pension and Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net pension and the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Fund Balance*

In the fund financial statements, governmental funds report the following components of fund balance:

Non-spendable fund balance includes amounts either not in a spendable form or legally or contractually required to be maintained intact. The District has categorized prepaid expenses and inventories as non-spendable fund balance.

Restricted fund balance includes amounts that are restricted by externally imposed restrictions of creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District reports restricted funds in the debt, 2019 capital project, lunch, and student activity funds.

Committed fund balance includes amounts that are committed for specific purposes by formal action of the District's Board. A fund balance commitment may be established, modified, or rescinded by the District's Board. The District has committed \$360,000 for capital expenditures.

Assigned fund balance includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Amounts may be assigned formal action of the District's Board or a Board Committees or by the Superintendent providing written notice to the Board or a Board Committee during a public meeting.

Unassigned fund balance includes the remaining fund balance after applying the above criteria.

Comparative Data/Reclassifications

Comparative data is not included in the District's financial statements.

**Lawton Community Schools  
 State of Michigan, Counties of Van Buren and Kalamazoo  
 Notes to the Financial Statements  
 For the Year Ended June 30, 2021**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District’s management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE B – Stewardship, Compliance, and Accountability**

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. During the year, the budget was amended in a legally permissible manner.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The District’s actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of the District for these budgeted funds were adopted on the function level. Expenditures made in excess of the functional amendments are as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund – Education – Instruction	6,167,127	6,226,176	(59,049)

**NOTE C – Risk Management**

The District pays annual premiums to a provider for its property, comprehensive general liability, and school board legal liability insurance coverage.

The District carries commercial insurance for all other risks of loss, including workers’ compensation, boiler, fleet, and excess liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in coverage obtained through insurances during the past fiscal year.



**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE C – Risk Management (Continued)**

The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the state economy, taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point the extent to which COVID-19 may impact the District's financial condition and results of operations is uncertain.

**NOTE D – Deposits and Investments**

State statutes and the District's investment policy authorize the District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan; the District is allowed to invest in U.S. Treasury or Agency obligations, U.S. Government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase which mature not more than 270 days after the date of purchase, and mutual funds in investments pools that are composed of authorized investment vehicles. The District's deposits and investments are in accordance with statutory authority. The District utilizes one bank for the deposit of funds. The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government, bank accounts and CD's, and the remainder of state statutory authority as listed above.

At year-end, the District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 1,796,518	\$ 19,160	\$ 1,815,678
Investments	2,642,712	-	2,642,712
Total	<u>\$ 4,439,230</u>	<u>\$ 19,160</u>	<u>\$ 4,458,390</u>

The breakdown between deposits and investments for the District is as follows:

Bank deposits (checking, savings and money market accounts)	\$ 1,815,678
Investments in cash management funds	2,642,712
	<u>\$ 4,458,390</u>

The District's cash and investments are subject to several types of risk, which are examined in more detail below:

*Custodial credit risk of bank deposits*

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Bank deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of June 30, 2021, approximately \$2,096,000 of the District's bank balance of \$2,346,116 was exposed to custodial credit risk because they were uninsured.

The District believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the District evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE D – Deposits and Investments (Continued)**

*Custodial credit risk of Investments*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer or other investment holder), the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the District's investment policy do not contain requirements that would limit the exposure to custodial credit risk for investments.

*Credit risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government are not considered to have credit risk. The District's investment policy does not further limit its investment choices.

*Interest rate risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's policy does not address other ways to minimize interest rate risk.

*Concentration of credit risk*

State statutes and the District's investment policy place no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represent 5% or more of the School's total investments are as follows. These investments are not insured by the Federal Deposit Insurance Corporation and are in addition to the uninsured cash deposits disclosed on page 21:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Rating by Standard &amp; Poor's</u>
Michigan CLASS	Cash Funds (short-term)	\$ 2,642,712	AAAm

*Foreign Currency Risk*

Foreign currency risk is the risk that an investment denominated in the currency of a foreign county could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the District's policy prohibit investment in foreign currency.

*Fair Value Measurements*

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE D – Deposits and Investments (Continued)**

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S government agency securities, corporate securities, and commercial paper.
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs are inputs that reflect the reporting entities own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The following table summarizes the valuation of the District’s financial instruments by the aforementioned pricing categories at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash Funds (short-term)	<u>\$ -</u>	<u>\$ 2,642,712</u>	<u>\$ -</u>

**NOTE E – Receivables and Unearned Revenue**

At June 30, 2021, the District’s receivables were reported in the basic financial statements as follows:

<u>Type</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Due from State of Michigan	\$ 1,493,627	\$ 4,154	\$ 1,538,735
Due from Federal Sources	266,689	40,954	266,689
GSRP	38,395	-	38,395
Other	10,445	-	10,445
Totals	<u>\$ 1,809,156</u>	<u>\$ 45,108</u>	<u>\$ 1,854,264</u>

Occasionally, governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At June 30, 2021, the District had \$17,535 in deferred revenue.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE F – Interfund Receivable and Payable**

Outstanding balances between funds result mainly from the time lag between dates that 1) interfund goods and services are provided or reimbursed expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The District had \$93,050 in interfund receivables and payables between the general fund and the food service fund as of June 30, 2021.

During the year ended June 30, 2021, the following transfers between funds were made:

1. \$5,228 was transferred from the General Fund to the Food Service Fund for purchases made by the General Fund on behalf of the Food Service Fund.
2. \$174,333 was transferred from the General Fund to the 2017 QZAB Debt Service Fund to fund the bond's escrow requirements.
3. \$1 was transferred from the 2017 Capital Projects Fund to the General Fund to close the remaining balance in the fund.
4. \$58,814 was transferred from the 2013 Debt Service Fund to the 2019B Debt Service Fund to close the remaining balance in the fund.
5. \$133,077 was transferred from the 2015A Debt Service Fund to the 2015B Debt Service Fund to close the remaining balance in the fund.

**NOTE G – Commitments and Contingencies**

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Unemployment

The District is a reimbursing employer to the Michigan Employment Security Agency (MESA) and as such is responsible to pay the MESA for those benefits paid and charged to its account. As of June 30, 2021, appropriate liabilities have been recorded for all claims paid or chargeable by the MESA. However, no provision has been made for future payments that might result from claims in process or unfilled.

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE H – Capital Assets**

Capital asset activity of the District’s governmental activities was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets not depreciated:					
Construction in process	\$ 1,094,706	\$ 2,707,881	\$ -	\$ -	\$ 3,802,587
Capital assets being depreciated:					
Buildings and improvements	33,326,214	84,458	-	-	33,412,672
Outdoor equipment	854,313	-	-	-	854,313
Furnishings and equipment	1,775,954	137,681	-	(11,006)	1,902,629
Vehicles and tractors	1,351,659	144,527	-	-	1,496,186
	<u>37,308,140</u>	<u>368,666</u>	<u>-</u>	<u>(11,006)</u>	<u>37,665,800</u>
Less accumulated depreciation for:					
Buildings and improvements	13,994,083	829,560	-	-	14,823,643
Outdoor equipment	585,954	39,888	-	-	625,842
Furnishings and equipment	1,525,663	45,877	-	(11,006)	1,560,534
Vehicles and tractors	1,032,202	63,638	-	-	1,095,840
	<u>17,137,902</u>	<u>978,963</u>	<u>-</u>	<u>(11,006)</u>	<u>18,105,859</u>
Total capital assets being depreciated, net	<u>20,170,239</u>	<u>(610,297)</u>	<u>-</u>	<u>-</u>	<u>19,559,941</u>
<b>Net Capital Assets</b>	<u>\$21,264,944</u>	<u>\$ 2,097,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$23,362,528</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

**Lawton Community Schools**  
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**NOTE I – Long-Term Debt**

The District issues bonds, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities. General obligation bonds and advance refunding bonds are direct obligations and pledge the full faith and credit of the District. Other long-term obligations include loans and compensated absences.

Long-term obligation activity is summarized as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amount due within one year
Government obligation bonds	\$ 24,750,000	\$ -	\$ (1,280,000)	\$ 23,470,000	\$ 1,355,000
Bond issuance discount	(106,221)	-	11,802	(94,419)	(11,802)
Bond issuance premium	309,906	-	(35,811)	274,095	19,818
School bond loan fund	682,412	115,475	-	797,887	-
Compensated absences	380,000	-	(33,000)	347,000	-
	<u>\$ 26,016,097</u>	<u>\$ 115,475</u>	<u>\$ (1,337,009)</u>	<u>\$ 24,794,563</u>	<u>\$ 1,363,016</u>

Long-term debt consisted of the following at June 30, 2021:

Bond issue of 2019A with annual principal payments ranging from \$100,000 to \$415,000 plus interest at 4.0%	\$ 4,010,000
Advance refunding bond issue of 2019B with annual principal payments ranging from \$550,000 to \$1,525,000 plus interest ranging from 1.88% to 2.55%	8,025,000
Advance refunding bond issue of 2015B with annual principal payments ranging from \$25,000 to \$1,130,000 plus interest ranging from 2.5% to 3.5%	8,820,000
Qualified Zone Academy Bond (QZAB) issue bearing no interest with annual set aside payments of \$174,333, all principal due December 15, 2032	2,615,000
School bond fund loan payable with no fixed payment schedule plus interest ranging from 3.0% to 4.625%	797,887
Total principal payable	<u>24,267,887</u>
Other long-term debt balances	
Bond issuance discounts	(94,419)
Bond issuance premiums	274,095
Accumulated sick pay carried over to future years	347,000
Total long-term debt before interest	<u>24,794,563</u>
Interest payable	<u>3,429,336</u>
Total long-term debt	<u>\$ 28,223,899</u>

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE I – Long-Term Debt (Continued)**

Future minimum payments of long-term debt for years ended June 30, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,355,000	\$ 560,805	\$ 1,915,805
2023	1,820,000	531,906	2,351,906
2024	1,930,000	492,375	2,422,375
2025	2,025,000	442,845	2,467,845
2026	2,170,000	389,485	2,559,485
2027-2031	10,730,000	960,050	11,690,050
2032-2033	3,440,000	24,800	3,464,800
Thereafter	797,887	27,070	824,957
Subtotal	<u>\$ 24,267,887</u>	<u>\$ 3,429,336</u>	<u>\$ 27,697,223</u>

Deferred Amount on Refunding

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. The amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2021.

School Bond Fund Loan

The School Bond Loan Fund payable represents notes payable to the State of Michigan for loans made to the District, as authorized by the 1963 State of Michigan Constitution, as amended by Public Act 92 of 2005, for the purpose of paying principal and interest on general obligation bonds of the District issued for capital expenditures. Interest rates are determined annually by the State Administrative Board. Interest was assessed for the year ended June 30, 2021, at 3.00%. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below 7 mills. The District is required to levy mills and repay to the State any excess of the amount levied over the bonded debt service requirements.

Bond Compliance

The Capital Projects Funds include activities funded by bonds that were issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351(a) of the Revised School Code.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
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**NOTE J – Net Investment in Capital Assets**

The composition of the District’s net investment in capital assets as of June 30, 2021 is as follows:

Capital Assets	
Construction in process	\$ 3,802,587
Capital assets, net of accumulated depreciation	19,559,941
Total Capital Assets	<u>23,362,528</u>
Related Debt	
Total principal payable	(24,267,887)
Bond issuance discount	94,419
Bond issuance premium	(274,095)
Accrued interest	(119,257)
Unspent bond proceeds	432,723
Total related debt	<u>(24,134,097)</u>
Net Investment in Capital Assets	<u>\$ (771,569)</u>

**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB)**

Plan Description

The District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a state-wide, cost-sharing, multiple-employer, state-wide defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of 12 members - 11 appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System’s pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System’s health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System’s financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Benefits Provided – Overall

Benefit provisions of the defined benefit pension plan and postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan and postemployment healthcare plan.



**Lawton Community Schools  
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Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Benefits Provided – Pension

Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.5%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Benefits Provided – OPEB

Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Contributions and Funded Status

The District is required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension and other postemployment benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

District pension and OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability.

Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018, valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes pension and OPEB contribution rates in effect for fiscal year ended September 30, 2020:

**Pension Contribution Rates**

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.41%
Member Investment Plan	3.0 - 7.0	19.41
Pension Plus	3.0 - 6.4	16.46
Pension Plus 2	6.2	19.59
Defined Contribution	0.0	13.39

**OPEB Contribution Rates**

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0	7.57

Required contributions to the pension and OPEB plan from the District were \$1,549,753 and \$394,944, respectively, for the year ended September 30, 2020.

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB

At June 30, 2021, the District reported a liability of \$19,371,612 and \$2,994,685 for its proportionate share of the MPSERS net pension liability and net OPEB liability, respectively. The net pension and OPEB liabilities were measured as of September 30, 2020, and the total liabilities used to calculate the net pension and OPEB liabilities was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension and OPEB liability was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was .06%, which is the same as its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,880,219 and OPEB expense of \$(113,877). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 295,982	\$ 41,346	\$ -	2,231,320
Changes of Assumptions	2,146,561	-	987,407	-
Net difference between projected and actual earnings on plan investments	81,391	-	24,994	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	42,087	284,329	5,652	120,042
District contributions subsequent to the measurement date	1,066,700	-	20,932	-
Total	\$ 3,632,721	\$ 325,675	\$ 1,038,985	\$ 2,351,362

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liability in the year ended June 30, 2022.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension and OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension & OPEB Expenses)

<u>Plan Year Ending September, 30</u>	<u>Pension Amount</u>	<u>OPEB Amount</u>
2021	\$ 1,071,350	\$ (362,082)
2022	700,756	(327,368)
2023	357,514	(269,215)
2024	110,726	(210,488)
2025	-	(164,156)
	<u>\$ 2,240,346</u>	<u>\$ (1,333,309)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
- MIP and Basic Plans (Non-Hybrid):	6.80%
- Pension Plus Plan (Hybrid):	6.80%
- Pension Plus 2 Plan:	6.0%
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For active members, 100% of the table rates were used. For retirees, 82% of the table rates were used for males and 78% of the table rates were used for females.

**Lawton Community Schools  
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Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Actuarial Assumptions (continued)

Other Assumptions:

Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4977 for pension and 5.7101 for OPEB
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension and OPEB 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 expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0	9.3
International Equity Pools	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	0.1
<b>TOTAL</b>	<b>100.0%</b>	

\*Long term rate of return is net of administrative expenses and 2.3% inflation.

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investment, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% and 6.95% was used to measure the total pension (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only) and OPEB liability, respectively. This discount rate was based on the long term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2) and OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB 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 and OPEB liability calculated using the discount rate of 6.80% (6.80% for the Hybrid Plan) and 6.95%, respectively, as well as what the District's proportionate share of the net pension and OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
	<i>5.80 / 5.80 / 5.0% Pension</i>	<i>6.80 / 6.80 / 6.0% Pension</i>	<i>7.80 / 7.80 / 7.0% Pension</i>
	<i>5.95% OPEB</i>	<i>6.95% OPEB</i>	<i>7.95% OPEB</i>
Pension	\$25,073,266	\$19,371,612	\$14,646,212
OPEB	\$3,847,013	\$2,994,685	\$2,277,096

Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB	\$2,277,096	\$2,994,685	\$3,847,013

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE K – Pension Plan and Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Payable to the Michigan Public School Employees' Retirement System (MPSERS)

At June 30, 2021, there were reported payables to MPSERS of \$132,417.

**NOTE L – Change in Accounting Principle**

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this standard resulted in the creation of the Student Activities special revenue fund. The District believes that implementing this principle will increase transparency and improve reporting for student activities. Implementation of this principle has been applied retrospectively resulting in a restatement of governmental fund balance and government wide net position. Changes in fund balance and net position are summarized as follows:

	<b>Non-Major Fund Student Activities Fund Balance</b>	<b>Government-Wide Net Position</b>
Beginning Balance, as originally reported	\$ --	\$ (17,661,295)
Change in Accounting Principle	124,815	124,815
Beginning Balance, as restated	<u>\$ 124,815</u>	<u>\$ (17,536,480)</u>

**NOTE M – Upcoming Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statement when adopted during the District's 2021-2022 fiscal year.

**NOTE N – Subsequent Events**

Management has evaluated subsequent events through October 25, 2021, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Budget Comparison Schedule - General Fund  
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Fav (Unfav)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 1,191,183	\$ 1,213,309	\$ 1,213,309	\$ -
Earnings on investments	18,000	1,910	1,773	(137)
Other local revenue	42,620	88,863	87,235	(1,628)
Intermediate sources	403,416	420,463	427,426	6,963
State sources				
Unrestricted school aid	6,691,929	7,616,141	7,626,362	10,221
Restricted school aid	591,101	574,447	574,442	(5)
Federal sources	253,651	948,675	942,885	(5,790)
Total Revenues	<u>9,191,900</u>	<u>10,863,808</u>	<u>10,873,432</u>	<u>9,624</u>
<b>EXPENDITURES</b>				
Education				
Instruction	5,946,485	6,167,127	6,226,176	(59,049)
Supporting services	3,348,344	3,644,582	3,472,770	171,812
Capital outlay	107,247	346,913	320,597	26,316
Total Expenditures	<u>9,402,076</u>	<u>10,158,622</u>	<u>10,019,543</u>	<u>139,079</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out	(174,333)	(179,561)	(179,561)	-
Total Expenditures and Other Financing Uses	<u>9,576,409</u>	<u>10,338,183</u>	<u>10,199,104</u>	<u>139,079</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (384,509)</u>	<u>\$ 525,625</u>	<u>\$ 674,328</u>	<u>\$ 148,703</u>

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Schedule of the Reporting Unit's Proportionate  
Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last Seven Plan Years (ultimately ten plan years will be displayed)  
(Amounts were determined as of 9/30 of each plan year)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
A. Reporting unit's proportion of net pension liability (%)	0.05639%	0.05704%	0.05777%	0.05809%	0.05656%	0.05412%	0.05393%
B. Reporting unit's proportionate share of net pension liability	\$ 19,371,612	\$ 18,890,820	\$ 17,366,984	\$ 15,054,182	\$ 14,110,771	\$ 13,218,668	\$ 11,878,292
C. Reporting unit's covered - employee payroll	\$ 4,959,771	\$ 4,949,024	\$ 4,890,010	\$ 4,875,747	\$ 4,870,697	\$ 4,378,787	\$ 4,597,223
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	390.57%	381.71%	355.15%	308.76%	289.71%	301.88%	258.38%
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of the Reporting Unit's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last Seven Fiscal Years (ultimately ten fiscal years will be displayed)**  
**(Amounts were determined as of 6/30 of each fiscal year)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions	\$ 1,549,753	\$ 1,515,377	\$ 1,573,115	\$ 1,362,573	\$ 1,270,040	\$ 1,044,033	\$ 837,523
B. Contributions in relation to statutorily required contributions*	\$ 1,549,753	\$ 1,515,377	\$ 1,573,115	\$ 1,362,573	\$ 1,270,040	\$ 1,044,033	\$ 837,523
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Reporting unit's covered- employee payroll	\$ 5,032,875	\$ 4,967,656	\$ 4,935,042	\$ 4,852,785	\$ 4,822,820	\$ 4,673,239	\$ 4,587,549
E. Contributions as a percentage of covered-employee payroll	30.79%	30.50%	31.88%	28.08%	26.33%	22.34%	18.26%

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Schedule of the Reporting Unit's Proportionate  
Share of the Net OPEB Liability  
Michigan Public School Employees Retirement Plan  
Last Four Plan Years (ultimately ten plan years will be displayed)  
(Amounts were determined as of 9/30 of each plan year)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. Reporting unit's proportion of net OPEB liability (%)	0.05590%	0.05653%	0.05732%	0.05795%
B. Reporting unit's proportionate share of net OPEB liability	\$ 2,994,685	\$ 4,057,485	\$ 4,556,455	\$ 5,131,328
C. Reporting unit's covered - employee payroll	\$ 4,959,771	\$ 4,949,024	\$ 4,890,010	\$ 4,875,747
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	60.38%	81.99%	93.18%	105.24%
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of the Reporting Unit's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last Three Fiscal Year (ultimately ten fiscal years will be displayed)**  
**(Amounts were determined as of 6/30 of each fiscal year)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily OPEB required contributions	\$ 394,944	\$ 388,130	\$ 372,072	\$ 451,128
B. OPEB contributions in relation to statutorily required contributions*	\$ 394,944	\$ 388,130	\$ 372,072	\$ 451,128
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Reporting unit's covered- employee payroll (OPEB)	\$ 5,032,875	\$ 4,967,656	\$ 4,935,042	\$ 4,852,785
E. OPEB contributions as a percentage of covered-employee payroll	7.85%	7.81%	7.54%	9.30%

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2021**

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**Pension Information**

Ultimately 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became available.

**Benefit Changes**

There were no changes in benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2019: The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018: The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017: The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

**OPEB Information**

Ultimately 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became available.

**Benefit Changes**

There were no changes in benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2020: The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points.
- 2019: The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points.
- 2018: The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

**OTHER SUPPLEMENTARY INFORMATION**

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2021**

	Food Service Fund	Student Activities Fund	2017 Capital Projects	2013 Debt Service	2015A Debt Service	2015B Debt Service	2017 QZAB Debt Service	2019A Debt Service	2019B Debt Service	Total
<b>ASSETS</b>										
Cash	\$ 361,398	\$ 121,992	\$ -	\$ -	\$ -	\$ 332,284	\$ -	\$ 72,454	\$ 252,140	\$ 1,140,268
Due from other governments	45,108	-	-	-	-	-	-	-	-	45,108
Inventory	9,877	-	-	-	-	-	-	-	-	9,877
Restricted cash - escrow	-	-	-	-	-	-	522,999	-	-	522,999
<b>Total Assets</b>	<b>\$ 416,383</b>	<b>\$ 121,992</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,284</b>	<b>\$ 522,999</b>	<b>\$ 72,454</b>	<b>\$ 252,140</b>	<b>\$ 1,718,252</b>
<b>LIABILITIES</b>										
Accounts payable	\$ 9,127	\$ 365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,492
Due to other funds	93,050	-	-	-	-	-	-	-	-	93,050
Deferred revenue	10,010	-	-	-	-	-	-	-	-	10,010
<b>Total Liabilities</b>	<b>\$ 112,187</b>	<b>\$ 365</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 112,552</b>
<b>FUND BALANCES</b>										
Nonspendable	9,877	-	-	-	-	-	-	-	-	9,877
Restricted for:										
Debt	-	-	-	-	-	332,284	522,999	72,454	252,140	1,179,877
Food service	244,319	-	-	-	-	-	-	-	-	244,319
Student activities	-	121,627	-	-	-	-	-	-	-	121,627
Committed for:										
Food service	50,000	-	-	-	-	-	-	-	-	50,000
	<u>304,196</u>	<u>121,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,284</u>	<u>522,999</u>	<u>72,454</u>	<u>252,140</u>	<u>1,605,700</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 416,383</b>	<b>\$ 121,992</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,284</b>	<b>\$ 522,999</b>	<b>\$ 72,454</b>	<b>\$ 252,140</b>	<b>\$ 1,718,252</b>



**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	Food Service Fund	Student Activities Fund	2017 Capital Projects	2013 Debt Service	2015A Debt Service	2015B Debt Service	2017 QZAB Debt Service	2019A Debt Service	2019B Debt Service	Total
<b>REVENUES</b>										
Local sources	\$ 16,724	\$ 81,817	\$ -	\$ -	\$ 1,156,946	\$ 425,756	\$ -	\$ 275,353	\$ 363,281	\$ 2,319,877
State sources	29,895	-	-	-	4,873	1,793	-	1,160	1,530	39,251
Federal sources	848,124	-	-	-	-	-	-	-	-	848,124
Interest	15	-	1	-	28	20	-	8	70	142
Total Revenues	<u>894,758</u>	<u>81,817</u>	<u>1</u>	<u>-</u>	<u>1,161,847</u>	<u>427,569</u>	<u>-</u>	<u>276,521</u>	<u>364,881</u>	<u>3,207,394</u>
<b>EXPENDITURES</b>										
Food service	684,376	-	-	-	-	-	-	-	-	684,376
Student activities	-	85,005	-	-	-	-	-	-	-	85,005
Capital outlay	79,433	-	31,831	-	-	-	-	-	-	111,264
Debt service										
Principal	-	-	-	-	1,080,000	100,000	-	100,000	-	1,280,000
Interest	-	-	-	-	22,100	257,225	-	132,000	179,180	590,505
Total Expenditures	<u>763,809</u>	<u>85,005</u>	<u>31,831</u>	<u>-</u>	<u>1,102,100</u>	<u>357,225</u>	<u>-</u>	<u>232,000</u>	<u>179,180</u>	<u>2,751,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>130,949</u>	<u>(3,188)</u>	<u>(31,830)</u>	<u>-</u>	<u>59,747</u>	<u>70,344</u>	<u>-</u>	<u>44,521</u>	<u>185,701</u>	<u>456,244</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfer in	5,228	-	-	-	-	133,077	174,333	-	58,815	371,453
Operating transfer out	-	-	(1)	(58,814)	(133,077)	-	-	-	-	(191,892)
Proceeds from school bond loan fund	-	-	-	-	-	111,679	-	-	3,796	115,475
Total Other Financing Sources (Uses)	<u>5,228</u>	<u>-</u>	<u>(1)</u>	<u>(58,814)</u>	<u>(133,077)</u>	<u>244,756</u>	<u>174,333</u>	<u>-</u>	<u>62,611</u>	<u>295,036</u>
<b>Net Change in Fund Balances</b>	<u>136,177</u>	<u>(3,188)</u>	<u>(31,831)</u>	<u>(58,814)</u>	<u>(73,330)</u>	<u>315,100</u>	<u>174,333</u>	<u>44,521</u>	<u>248,312</u>	<u>751,280</u>
Fund Balances Beginning of Year as Restated	<u>168,019</u>	<u>124,815</u>	<u>31,831</u>	<u>58,814</u>	<u>73,330</u>	<u>17,184</u>	<u>348,666</u>	<u>27,933</u>	<u>3,828</u>	<u>854,420</u>
<b>Fund Balances, End of Year</b>	<u>\$ 304,196</u>	<u>\$ 121,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,284</u>	<u>\$ 522,999</u>	<u>\$ 72,454</u>	<u>\$ 252,140</u>	<u>\$ 1,605,700</u>

**Lawton Community Schools  
State of Michigan, Counties of Van Buren and Kalamazoo  
Schedule of Revenues - General Fund  
For the Year Ended June 30, 2021**

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**REVENUES**

Revenue from local sources	
Property taxes	\$ 1,213,309
Other local revenue	87,235
Earnings on investments	1,773
Total revenue from local sources	<u>1,302,317</u>
Revenue from intermediate school district	<u>427,426</u>
Revenue from state sources	
Unrestricted	
State aid membership	7,626,362
Restricted	
At risk	374,908
Special education	199,534
Total restricted	<u>574,442</u>
Total revenue from state sources	<u>8,200,804</u>
Revenue from federal sources	
Title I	139,518
Title II	39,804
COVID Relief	763,563
Total revenue from federal sources	<u>942,885</u>
<b>Total Revenues</b>	<b><u><u>\$ 10,873,432</u></u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Expenditures - General Fund**  
**For the Year Ended June 30, 2021**

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**EXPENDITURES**

Instruction	
Elementary	
Salaries	\$ 1,395,774
Benefits	971,776
Purchased services	29,256
Supplies, materials, and other	38,506
Total elementary	<u>2,435,312</u>
Middle school	
Salaries	617,080
Benefits	439,657
Purchased services	2,365
Supplies, materials, and other	55,690
Total middle school	<u>1,114,792</u>
High school	
Salaries	855,100
Benefits	619,160
Purchased services	70,245
Supplies, materials, and other	106,349
Total high school	<u>1,650,854</u>
Pre-school	
Salaries	140,179
Benefits	75,392
Purchased services	499
Supplies, materials, and other	421
Total pre-school	<u>216,491</u>
Summer School	
Salaries	26,510
Benefits	6,835
Total special education	<u>33,345</u>
Special education	
Salaries	388,366
Benefits	213,391
Purchased services	1,514
Supplies, materials, and other	1,508
Total special education	<u>604,779</u>
Title I and Title II programs	
Salaries	111,012
Benefits	51,398
Purchased services	2,295
Supplies, materials, and other	5,898
Total Title I programs	<u>170,603</u>
<b>Total instruction</b>	<b><u>6,226,176</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Expenditures - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

Supporting services		
Pupil guidance services		
Salaries	\$	148,394
Benefits		103,843
Purchased services		200
Other fees and dues		388
Supplies, materials, and other		<u>2,578</u>
Total pupil guidance services		<u>255,403</u>
Improvement of instruction		
Supplies, materials, and other		<u>2,678</u>
Total improvement of instruction		<u>2,678</u>
Library		
Salaries		36,559
Benefits		18,644
Supplies, materials, and other		<u>1,807</u>
Total library		<u>57,010</u>
Computer Assisted Instruction		
Supplies		74,148
Purchased services		<u>500</u>
		<u>74,648</u>
Academic Student Assessment		
Purchased services		<u>5,535</u>
Board of education		
Salaries		700
Purchased services		5,791
Other fees and dues		34,989
Supplies, materials, and other		<u>1,099</u>
Total board of education		<u>42,579</u>
Executive administration		
Salaries		184,702
Benefits		122,509
Purchased services		1,370
Supplies, materials, and other		<u>2,435</u>
Total executive administration		<u>311,016</u>
School administration		
Salaries		392,084
Benefits		249,191
Purchased services		495
Other fees and dues		700
Supplies, materials, and other		<u>1,798</u>
Total school administration		<u>644,268</u>
Other school administration		
Salaries		41,225
Benefits		<u>30,094</u>
Total other school administration		<u>71,319</u>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Expenditures - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

Business and fiscal management	
Salaries	\$ 112,591
Benefits	73,285
Purchased services	31,741
Other fees and dues	150
Supplies, materials, and other	380
Total business and fiscal management	<u>218,147</u>
Other business services	
Purchased services	<u>6,827</u>
Operation and maintenance	
Salaries	316,537
Benefits	208,988
Purchased services	91,840
Other dues and fees	103,243
Supplies, materials, and other	421,589
Total operation and maintenance	<u>1,142,197</u>
Pupil transportation	
Salaries	76,918
Benefits	44,082
Purchased services	10,967
Other dues and fees	17,823
Supplies, materials, and other	22,057
Total pupil transportation	<u>171,847</u>
Curriculum coordinator	
Salaries	40,363
Benefits	24,747
Purchased services	116
Total curriculum coordinator	<u>65,226</u>
Technologist	
Salaries	3,107
Benefits	1,933
Purchased services	151,257
Other dues and fees	2,993
Supplies, materials, and other	47,936
Total technologist	<u>207,226</u>
Athletics	
Salaries	73,750
Benefits	39,039
Purchased services	69,624
Other fees and dues	4,857
Supplies, materials, and other	9,574
Total athletics	<u>196,844</u>
<b>Total supporting services</b>	<b><u>3,472,770</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Expenditures - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

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Capital outlay	
Supporting services	\$ 320,597
Total capital outlay	<u>320,597</u>
<b>Total Expenditures</b>	<b><u>\$ 10,019,543</u></b>
Other Financing Uses	
Operating transfers out	(179,561)
<b>Total Expenditures and Other Financing Uses</b>	<b><u>\$ 10,199,104</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Changes in Long-Term Debt**  
**June 30, 2021**

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2021</u>
2015A debt fund	1,080,000	-	(1,080,000)	-
Interest related to 2015A debt fund	21,600	-	(21,600)	-
2015B debt fund	8,920,000	-	(100,000)	8,820,000
Interest related to 2015B debt fund	1,920,775	-	(256,725)	1,664,050
2019A debt fund	4,110,000	-	(100,000)	4,010,000
Interest related to 2019A debt fund	976,500	-	(131,700)	844,800
2019B debt fund	8,025,000	-	-	8,025,000
Interest related to 2019B debt fund	1,072,296	-	(178,880)	893,416
QZAB Bond	2,615,000	-	-	2,615,000
School bond loan fund	682,412	115,475	-	797,887
Interest related to school bond loan	4,080	22,990	-	27,070
Premium on bonds	309,906	-	(35,811)	274,095
Discount on bonds	(106,221)	-	11,802	(94,419)
Accumulated sick pay	380,000	-	(33,000)	347,000
<b>Total</b>	<b><u>\$ 30,011,348</u></b>	<b><u>\$ 138,465</u></b>	<b><u>\$ (1,925,914)</u></b>	<b><u>\$ 28,223,899</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Maturities of Bonded Debt**  
**June 30, 2021**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015B REFUNDING BOND ISSUE				
Principal payment due	May 1			
Interest payments due	May 1 and November 1			
Interest rate	2.5% to 3.5%			
Original issue	\$9,080,000			
Payments due for years ending June 30:				
2022		\$ 125,000	\$ 254,225	\$ 379,225
2023		145,000	251,100	396,100
2024		1,130,000	247,475	1,377,475
2025		1,110,000	219,225	1,329,225
2026		1,090,000	191,475	1,281,475
2027		1,075,000	164,225	1,239,225
2028		1,060,000	131,975	1,191,975
2029		1,045,000	100,175	1,145,175
2030		1,030,000	68,825	1,098,825
2031		1,010,000	35,350	1,045,350
<b>Totals</b>		<b><u>\$ 8,820,000</u></b>	<b><u>\$ 1,664,050</u></b>	<b><u>\$ 10,484,050</u></b>



**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Maturities of Bonded Debt**  
**June 30, 2021**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019B REFUNDING BOND ISSUE				
Principal payment due	May 1			
Interest payments due	May 1 and November 1			
Interest rate	1.88% to 2.55%			
Original issue	\$8,025,000			
Payments due for years ending June 30:				
2022		\$ 1,105,000	\$ 178,880	\$ 1,283,880
2023		1,525,000	158,106	1,683,106
2024		550,000	128,200	678,200
2025		615,000	116,920	731,920
2026		730,000	103,310	833,310
2027		850,000	86,425	936,425
2028		1,000,000	66,025	1,066,025
2029		1,100,000	41,525	1,141,525
2030		550,000	14,025	564,025
<b>Totals</b>		<b><u>\$ 8,025,000</u></b>	<b><u>\$ 893,416</u></b>	<b><u>\$ 8,918,416</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Maturities of Bonded Debt**  
**June 30, 2021**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019A BUILDING AND SITE BOND ISSUE			
Principal payment due		May 1	
Interest payments due		May 1 and November 1	
Interest rate		4.00%	
Original issue		\$4,110,000	
Payments due for years ending June 30:			
2022	\$ 125,000	\$ 127,700	\$ 252,700
2023	150,000	122,700	272,700
2024	250,000	116,700	366,700
2025	300,000	106,700	406,700
2026	350,000	94,700	444,700
2027	400,000	80,700	480,700
2028	400,000	64,700	464,700
2029	400,000	48,700	448,700
2030	400,000	32,700	432,700
2031	410,000	24,700	434,700
2032	410,000	16,500	426,500
2033	415,000	8,300	423,300
<b>Totals</b>	<b><u>\$ 4,010,000</u></b>	<b><u>\$ 844,800</u></b>	<b><u>\$ 4,854,800</u></b>

**Lawton Community Schools**  
**State of Michigan, Counties of Van Buren and Kalamazoo**  
**Schedule of Maturities of Bonded Debt**  
**June 30, 2021**

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QZAB BOND ISSUE

Total principal payment due	December 15, 2032
Interest payments due	NA
Interest rate	0%
Original issue	\$2,615,000

	<b>Escrow Set Aside for Principal</b>	<b>Interest</b>	<b>Total</b>
Current escrow balance:	\$ 522,999	\$ -	\$ 522,999
Payments to be set aside for years ending June 30:			
2022	174,333	-	174,333
2023	174,333	-	174,333
2024	174,333	-	174,333
2025	174,333	-	174,333
2026	174,333	-	174,333
2027	174,333	-	174,333
2028	174,333	-	174,333
2029	174,333	-	174,333
2030	174,333	-	174,333
2031	174,333	-	174,333
2032	174,333	-	174,333
2033	174,338	-	174,338
<b>Total principal due December 15, 2032</b>	<b>\$ 2,615,000</b>	<b>\$ -</b>	<b>\$ 2,615,000</b>