INDEPENDENT AUDITOR'S REPORT

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton

JUNE 30, 2012

BY

FURRH
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton
(an Oklahoma Public Trust)
For Year Ended June 30, 2012

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Lawton Metropolitan Planning Organization
Lawton, Oklahoma

We have audited the accompanying Statement of Net Assets of Lawton Metropolitan Planning Organization, a component unit of the City of Lawton as of June 30, 2012 and the related Statements of Revenues, Expenses and Changes in Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Organization has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawton Metropolitan Planning Organization as of June 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Statements of Revenue and Expenses - Budget vs. Actual are not a required part of the basic financial statements but are supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with "Government Auditing Standards," we have also issued our report dated March 14, 2013 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts

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and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC
Certified Public Accountants
March 14, 2013

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton
(an Oklahoma Public Trust)

Statement of Net Assets
As of June 30, 2012

ASSETS

Current Assets		
Cash	$ 55,749	
Accounts Receivable	73,355	
Total Current Assets		$ 129,104
Total Assets		$ 129,104

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$ 51,995	
Total Current Liabilities		$ 51,995
Net Assets		
Unrestricted		77,109
Total Liabilities and Net Assets		$ 129,104

Please see accompanying notes to the financial statements.

Lawton Metropolitan Planning Organization

A Component-unit of the City of Lawton

(an Oklahoma Public Trust)

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2012

Operating Revenues		
ODOT Contract Income	$ 140,762	
Total Operating Revenues		$ 140,762
Operating Expenses		
Advertising	55,237	
City of Lawton Provided Expenses	51,995	
Transportation Study	24,083	
Audit Expense	4,800	
Printing Expense	1,815	
Supplies	1,620	
Website	770	
Publication Expense	314	
Travel Expense	222	
Total Operating Expenses		140,856
Operating Profit / (Loss)		(94)
Non - Operating Revenues		
Interest Income	94	
Total Non - Operating Revenues		94
Change in Net Assets		0
Net Assets at beginning of the year		77,109
Net Assets at end of the year		**$ 77,109**

Please see accompanying notes to the financial statements.

Lawton Metropolitan Planning Organization
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Statement of Cash Flow
For the Year Ended June 30, 2012

Cash Flows from Operating Activities		
Revenue from ODOT	$	119,595
Cash paid for Contract Required Expenses		(88,860)
Cash reimbursed to City of Lawton		(49,739)
Net Cash Provided (Used) by Operating Activities		(19,004)
Cash Flows from Investing Activities		
Interest Income		94
Net Cash Provided (Used) by Investing Activities		94
Net Increase (Decrease) in Cash and Cash Equivalents		(18,910)
Cash and Cash Equivalents - June 30, 2011		74,659
Cash and Cash Equivalents - June 30, 2012	$	55,749

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$	(94)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Increase in Accounts Receivable		(21,167)
Increase in Accounts Payable		2,257
Net Cash Provided by Operating Activities	$	(19,004)

Please see accompanying notes to the financial statements.

Lawton Metropolitan Planning Organization
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Notes to the Financial Statements
June 30, 2012

Note 1 – Organization

The Lawton Metropolitan Planning Organization (LMPO) is a federally designated Metropolitan Planning Organization for the Lawton Urbanized Area, as defined by the 2000 U.S. Census. It was established by the Federal Highway Act of 1962 to assure that a continuing, cooperative, and comprehensive transportation planning process takes place that results in the development of plans, programs, and projects that consider all transportation modes and supports the goals of the community.

The LMPO membership represents the eight wards within the City. The planning and program management functions are administered and implemented by the City of Lawton's Planning Division, which provides staff, technical and clerical support, and is also designated as the LMPO Secretary.

Note 2 – Summary of Significant Accounting Policies

This report is prepared in conformity with US Generally Accepted Accounting Principles (GAAP) and the provisions of the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities, which include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Basis of Accounting – LMPO is considered a propriety component-unit of the City of Lawton. The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Government-wide Financial Statements – The adopted GASB Statements require that the overall financial condition of LMPO be displayed in three entity-wide financial statements. These are Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows. These include all of the financial activity of LMPO.

GASB Statement No. 20 Election – Pursuant to the election option made available by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* pronouncements of the Financial Accounting Services Board (FASB) issued after November 30, 1989, are not applied in the preparation of these statements.

*GAS*B Statement No. 34 requires that the Statement of Net Assets classify net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the net assets component as the unspent proceeds.

Restricted Net Assets– This component of net assets consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Assets– This component of net assets consists of those net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Cash and Cash Equivalents – LMPO considers cash on hand, demand deposits, and interest bearing accounts, as cash equivalents.

Inventories – Costs of supplies and materials are recorded as expenses at time the items are purchased.

Investments – All investments are recorded at fair value.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of the assets, liabilities, and net assets, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating and Nonoperating Revenue and Expenses – The propriety fund financial statements distinguish operating revenue from Nonoperating items. Operating revenues and expenses are those results from providing services associated with the principal activities of the respective fund. Nonoperating revenues and expenses are all of those that do not meet the criteria previously described.

Statement of Cash Flows – In accordance with FASB Statement No. 95, *Statement of Cash Flows,* as amended by FASB Statement No. 117, the accompanying financial statements include a Statement of Cash Flows which is presented using both the direct and indirect methods.

Income Tax Status – LMPO qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

Note 3 – Deposits and Deposit Risk

The Lawton Metropolitan Planning Organization is governed by the deposit and investment limitations of state law. The Organization had the following deposits at June 30, 2012 and reported at fair value, are as follows:

Type	Carrying Value
Demand Deposits	$ 55,749
Time Deposits	0
Investments	0
Total Deposits & Investments	$55,749

The Authority's cash, deposits, and investments are classified in the following categories:

A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.

B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

C. Uncollateralized.

	A	B	C	Total
Checking Account	$ 55,749	$ 0	$ 0	$ 55,749

LMPO does not have an investment policy that limits its investment choices other that the limitation of state law as follows:

A. Direct obligations of the US Government, its agencies, and instrumentalities to which the full faith and credit of the US Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

B. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

LMPO also not place a limit on the amount it may invest in any one issuer.

Note 4 – Accounts Receivable

LMPO receives its funding from the Oklahoma Department of Transportation through two contracts.

These contracts provide for reimbursement of 80% of auditable costs as submitted by LMPO on a monthly basis. The City of Lawton is responsible for 20% of the costs.

As of June 30, 2012, Oklahoma Department of Transportation owed LMPO the following:

Contract	Amount
FHWA PL Funds	$ 38,281
FTA 5303 Funds	3,232
CMAQ Project	31,842
Total Accts. Rec.	$ 73,355

Note 5 – Accounts Payable

The City of Lawton and the Lawton Metropolitan Planning Organization have signed a Memorandum of Understanding to outline the responsibilities of each party in relation to the contracts that LMPO have entered into with Oklahoma Department of Transportation.

These Memorandums provide the guidelines for the City of Lawton's reimbursement. LMPO has 30 days to reimburse the City once they have received funds from Oklahoma Department of Transportation.

As of June 30, 2012, LMPO owed the City of Lawton $ 51,995.

Note 6 – Commitments and Contingencies

The Organization receives its resources primarily from the State of Oklahoma and the Federal Government. Consequentially, the Authority's ability to operate as a going concern is dependent on the economic conditions of this area.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Lawton Metropolitan Planning Organization
Lawton, Oklahoma

We have audited the financial statements of the activities of the Lawton Metropolitan Planning Organization (the Organization), as of and for the year ended June 30, 2012, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated March 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of management and regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC
Certified Public Accountants
March 14, 2013

FURRH
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Lawton Metropolitan Planning Organization
Lawton, OK

We have audited the compliance of Lawton Metropolitan Planning Organization (the Organization) with the types of compliance requirements described in OMB's Circular A-133 that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2012. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based upon our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the OMB Circular A-133.

This report is intended solely for the information and use of the Organization's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC
Certified Public Accountants
March 14, 2012

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton
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Lawton Metropolitan Area Transportation Study Contract
CFDA Number: 20.205 (Highway Planning and Construction)

Revenue and Expenses Budget vs. Actual
As of June 30, 2012

	Budget	Current Year	(Over) Under Budget
Revenue			
State Grant	$ 238,760	$ 65,698	$ 173,062
Expenses			
Program Support & Admin	45,035	38,539	6,496
Data Collection and Info	44,225	3,616	40,609
Short Range Transit	50,700	7,095	43,605
LRTP	79,700	9,419	70,281
TIP	3,600	1,491	2,109
Public Participation	15,500	5,538	9,962
Total Expenses	238,760	65,698	173,062
Revenue Over (Under) Expenses	$ 0	$ 0	$ 0

FHWA PL Funds: Project No. PL Job Piece No.: 11769 (26)

Please see accompanying notes to the financial statements.

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton
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Lawton Metropolitan Area Transportation Study Contract
CFDA Number: 20.205 (Highway Planning and Construction)

Revenue and Expenses Budget vs. Actual
As of June 30, 2012

	Budget	Current Year	(Over) Under Budget
Revenue			
State Grant	$ 25,000	$ 6,882	$ 18,118
Expenses			
Program Support & Admin	5,382	4,035	1,347
Gen. Develop. & Comp Planning	4,911	381	4,530
Long Range Transit	7,260	744	6,516
Short Range Transit	5,398	987	4,411
TIP	410	156	254
Other Activities	1,639	579	1,060
Total Expenses	25,000	6,882	18,118
Revenue Over (Under) Expenses	$ 0	$ 0	$ 0

FTA 5303 Funds: Project No. PL Job Piece No.: 15612 (20)

Please see accompanying notes to the financial statements.

Lawton Metropolitan Planning Organization
A Component-unit of the City of Lawton
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Congestion Mitigation-Air Quality Projects

Revenue and Expenses Budget vs. Actual
As of June 30, 2012

	Budget	Current Year	(Over) Under Budget
Revenue			
State Grant	$ 150,000	$ 56,950	$ 93,050
Expenses			
Contract Activities	150,000	56,950	93,050
Total Expenses	150,000	56,950	93,050
Revenue Over (Under) Expenses	$ 0	$ 0	$ 0

JP No. 18903 (14)

Please see accompanying notes to the financial statements.