

**LAWTON METROPOLITAN AREA**  
**AIRPORT AUTHORITY**

**A Component Unit of the City of Lawton, Oklahoma**

**Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**

## **Table of Contents**

	<b><u>Pages</u></b>
<b><u>Financial</u></b>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11-12
Notes to Financial Statements	13-23
<b><u>Supplementary Information</u></b>	
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24-25
Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	26-27
Schedule of Expenditures of Federal Awards	28
Notes to Schedule of Expenditures of Federal Awards	29
Schedule of Findings and Questioned Costs	30-31
Independent Auditor's Report on Compliance With Applicable Requirements of the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance With the Passenger Facility Charge Audit Guide for Public Agencies	32-33
Schedules of Passenger Facility Charges	34-35
Notes to Schedule of Passengers Facility Charges	36
Passenger Facility Charges Audit Summary	37

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## INDEPENDENT AUDITOR'S REPORT

To the Trustees of  
The Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

### **Opinion**

I have audited the accompanying financial statements of Lawton Metropolitan Area Airport Authority, which comprise the statement of net position as of June 30, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of Lawton Metropolitan Area Airport Authority as of June 30, 2022 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lawton Metropolitan Area Airport Authority and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lawton Metropolitan Area Airport Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lawton Metropolitan Area Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lawton Metropolitan Area Airport Authority's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on (pages 4 - 8) 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 operation, economic, or historical context. I 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 my inquiries, the basic financial statements,

and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements of the Lawton Metropolitan Area Airport Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (page 28) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of Lawton Metropolitan Area Airport Authority. The accompanying Schedule of Passenger Facility Charges (pages 33-34) is presented for purposes of additional analysis as required by the Federal Aviation Administration and is not a required part of the basic financial statements of Lawton Metropolitan Area Airport Authority. The financial statements, Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges have been subjected to 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 financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2022, on my consideration of the Lawton Metropolitan Area Airport Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawton Metropolitan Area Airport Authority's internal control over financial reporting and compliance.

*Robert D. Turner*

Robert D. Turner, CPA  
December 5, 2022

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

The following discussion and analysis of the financial performance of Lawton Metropolitan Area Airport Authority (the Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Authority's financial statements, which begin on page 9.

**Financial Highlights**

- ❖ During the year ended June 30, 2022 the Airport's net position increased to \$29,001,100 from \$28,989,760 in 2021.
- ❖ Operating revenues increased to \$3,255,529 from \$2,092,064 in 2021 and net non-operating revenues decreased to \$1,698,260 from \$5,877,176 in 2021. The decrease in non-operating revenues was primarily due to a decrease in federal funds awarded through the Airport Improvement Program for capital improvements.
- ❖ Operating expenses increased to \$4,942,449 from \$3,810,563 in 2021, primarily a result of increases in payroll related expenses, and cost of sales for the Lawton Aviation Services.

**Overview of the Financial Statements**

The report on the audit of financial statements is presented in two sections: financial and supplementary. The Authority has elected to present the financial statements in accordance with the business-type activities format, as designated by the Authority's primary government, the City of Lawton. Accordingly, the financial section of this report includes Management's Discussion and Analysis (as required supplementary information); the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; the Statements of Cash Flows; and explanatory Notes to the Financial Statements, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis—for State and Local Governments*, as amended by (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**The Basic Financial Statements**

One of the most important questions asked about the Authority is whether it is better off or worse off as a result of the year's financial activities. The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Airport as a whole and about its activities in a way that answers this question. These statements include *all* assets and *all* liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The accrual basis of accounting reports the current year's revenues and expenses regardless of when cash is actually received or disbursed.

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report the Airport's net position and changes to them. You can think of the airport's net position - the difference between assets and liabilities - as one way to measure the Airport's financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will also need to consider non-financial factors, however, such as changes in requirements of the programs funded by the Authority, in addition to the condition of its physical facilities, to fully assess the overall health of the Authority.

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

The Authority's net position increased from a year ago. The following amounts are from the Statements of net position, page 9, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

**Lawton Metropolitan Area Airport Authority**  
Net Position  
June 30, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u> *
Current Assets	\$ 1,880,024	\$ 1,772,061	\$ 1,201,551
Noncurrent assets	<u>28,248,987</u>	<u>28,215,317</u>	<u>24,476,537</u>
Total assets	<u>30,129,011</u>	<u>29,987,378</u>	<u>25,678,088</u>
Current liabilities	518,762	755,409	824,100
Noncurrent liabilities	<u>273,480</u>	<u>12,286</u>	<u>22,905</u>
Total liabilities	<u>792,242</u>	<u>767,695</u>	<u>824,005</u>
Deferred inflows of resources	<u>335,669</u>	<u>229,923</u>	<u>-</u>

\* Not restated for GASB 87.

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Lawton Metropolitan Area Airport Authority  
Net Position (continued)  
June 30, 2022, 2021, and 2020**

	2022	2021	2020 *
Net position:			
Net Investment in,			
Capital assets	\$ 26,295,507	\$ 26,608,505	\$ 22,722,711
Restricted for construction	1,427,903	1,119,442	1,427,099
Unrestricted	1,277,690	1,261,813	681,273
Total net position	\$ 29,001,100	\$ 28,989,760	\$ 24,831,083

Net position increased by \$11,340.

**Lawton Metropolitan Area Airport Authority  
Operating Results  
Years Ended June 30, 2022, 2021, and 2020**

	2022	2021	2020 *
Operating revenues	\$ 3,255,529	\$ 2,092,064	\$ 2,555,453
Operating expenses	4,942,449	3,810,563	4,099,131
Operating income (loss)	(1,686,920)	(1,718,499)	(1,543,678)
Non operating revenues (expenses)	1,698,260	5,877,176	4,792,136
Changes in net position	11,340	4,158,677	3,248,458
Net position, beginning	28,989,760	24,831,083	21,582,625
Net position, ending	\$ 29,001,100	\$ 28,989,760	\$ 24,831,083

During the year ended June 30, 2022, overall operating revenues increased by \$1,163,465 and overall operating expenses increased by \$1,131,886, primarily due to a increase supplies and materials, FBO and increase in employee and payroll expenses.

The Authority's net position increased slightly by \$11,340 primarily due to increases in both operating revenues and operating expenses.

\* Not restated for GASB 87.



**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Lawton Metropolitan Area Airport Authority  
Analysis of Net Position  
Years Ended June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Net position:			
Net investment in,			
Capital assets	\$ 26,295,507	\$ 26,608,505	\$ 22,722,711
Restricted for construction	1,427,903	1,119,442	1,427,099
Unrestricted	<u>1,277,690</u>	<u>1,261,813</u>	<u>681,273</u>
 Total net position	 <u>\$ 29,001,100</u>	 <u>\$ 28,989,760</u>	 <u>\$ 24,831,083</u>

**Lawton Metropolitan Area Airport Authority  
Cash Flows  
Years Ended June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Cash provided (used) by:			
Operating activities	\$ (15,108)	\$ (859,510)	\$ 363,437
Non capital financing activities	(13,261)	(1,704)	(8,674)
Capital and related financing			
Activities	948,077	1,175,840	(1,065,812)
Investing activities	<u>11,451</u>	<u>10,614</u>	<u>12,196</u>
Net increase (decrease) in			
cash and cash equivalents	931,159	325,240	(698,853)
Cash and cash equivalents, beginning	<u>1,921,516</u>	<u>1,596,276</u>	<u>2,295,129</u>
Cash and cash equivalents, ending	<u>\$ 2,852,675</u>	<u>\$ 1,921,516</u>	<u>\$ 1,596,276</u>

\* Not restated for GASB 87.

**Capital Assets and Debt Administration**

At June 30, 2022, the Authority's investment in net capital assets decreased by \$336,398.

**Lawton Metropolitan Area Airport Authority  
Capital Assets, Net  
Years Ended June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Capital assets:	\$ 56,941,796	\$ 55,734,808	\$ 50,454,213
Less: accumulated depreciation	<u>(30,646,289)</u>	<u>(29,102,903)</u>	<u>(27,697,789)</u>
Capital assets, net	<u>\$ 26,295,507</u>	<u>\$ 26,631,905</u>	<u>\$ 22,756,424</u>

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Capital Assets and Debt Administration (continued)**

Major capital asset transactions during the year include the following additions:

* Runways, ramps, and roads	\$ 3,230,899
* Buildings and improvements	4,474,301
* Machinery and Equipment	159,226
* Furniture and Fixtures	14,634
* Construction in Progress	1,033,128

The construction in progress during the current year is construction costs on AIP projects 37,38,43, fence and dumpster enclosure project, and the car rental wash facility project.

The Authority had long-term debt outstanding at June 30, 2022 related to the purchase of capital assets of \$0 and \$457,005 of short term debt of which \$457,005 is on lines of credit.

**Economic Factors and the Airport's Future**

The Authority's board considered factors when setting the budget, rates, and fees that will be charged for the Authority's services. One of these factors is the economy.

**Contacting the Airport's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Barbara McNally, Airport Director, Lawton Metropolitan Area Airport Authority, 3401 South 11<sup>th</sup> Street, Lawton, Oklahoma 73501.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Net Position**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>As Restated (Note 2) 2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,424,772	\$ 802,074
Accounts receivable	113,724	98,699
Leases Rec, current portion (Note 17)	89,092	51,960
Due from governments	59,303	699,894
Due from TSA DHS	8,640	4,800
Prepaid insurance	11,198	10,413
Inventory	<u>173,295</u>	<u>104,221</u>
Total current assets	1,880,024	1,772,061
Noncurrent assets:		
Restricted cash	1,427,903	1,119,442
Leases Rec, net of current portion (Note 17)	246,577	177,963
Prepaid land lease	273,273	280,280
Goodwill: FBO purchase	5,727	5,727
Property, plant, and equipment, net of accumulated depreciation	<u>26,295,507</u>	<u>26,631,905</u>
Total noncurrent assets	<u>28,248,987</u>	<u>28,215,317</u>
Total assets	<u>\$ 30,129,011</u>	<u>\$ 29,987,378</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 281,662	62,949
Accrued liabilities	20,270	16,640
Accrued compensated absences	20,333	29,426
Deferred revenue	12,972	14,281
Current portion of long term debt	<u>183,525</u>	<u>632,113</u>
Total current liabilities	518,762	755,409
Long-term liabilities	<u>273,480</u>	<u>12,286</u>
Total liabilities	<u>792,242</u>	<u>767,695</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows from leases	<u>335,669</u>	<u>229,923</u>
Total Deferred inflows of resources	<u>335,669</u>	<u>229,923</u>
<b>NET POSITION:</b>		
Net investment in capital assets	\$ 26,295,507	\$ 26,608,505
Restricted:		
Passenger facility charge funds	269,001	84,575
Customer facility charge funds	1,158,902	1,032,387
Other restricted funds –	<u>          </u>	<u>2,480</u>
Total restricted	1,427,903	1,119,442
Unrestricted net position	<u>1,277,690</u>	<u>1,261,813</u>
Total net position	<u>\$ 29,001,100</u>	<u>\$ 28,989,760</u>

See accompanying notes to financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>As Restated (Note 2) 2021</u>
<b>OPERATING REVENUES</b>		
Rental income	\$ 692,896	\$ 480,604
Fire services contributed by City of Lawton	664,415	625,627
Commissions	2,884	648
Landing fees	72,879	51,878
Parking	200,547	96,348
Federal grants - TSA/DHS	55,880	30,680
FBO income	1,561,612	795,304
Other	<u>4,416</u>	<u>10,975</u>
Total operating revenues	<u>3,255,529</u>	<u>2,092,064</u>
<b>OPERATING EXPENSES</b>		
Wages, airport and FBO	637,369	629,321
Payroll taxes and benefits, airport and FBO	160,324	157,086
Wages, payroll taxes, benefits, fire service	604,080	569,964
Advertising and promotion	19,845	3,187
Legal and professional	185,026	64,077
Training and travel	11,006	4,801
Telephone and utilities	169,383	142,934
Supplies and materials, airport	108,862	61,474
Supplies and materials, FBO	825,782	399,833
Insurance	87,759	52,459
Maintenance, operations, and contractual	394,757	245,168
Fees, licenses, and dues	63,036	5,728
Depreciation	1,543,386	1,405,114
Security	86,674	41,717
Parking expenses	8,464	1,846
Amortization of prepaid lease	7,007	7,007
Other expenses	<u>29,689</u>	<u>18,847</u>
Total operating expenses	<u>4,942,449</u>	<u>3,810,563</u>
Operating income (loss)	(1,686,920)	(1,718,499)
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Interest income	799	477
Interest income, restricted	10,652	10,137
Interest expense	(15,060)	(1,542)
Passenger facility charges	184,347	82,681
Customer facility charges	226,515	199,087
State grant – OAC	71,293	183,612
Federal grants – construction	<u>1,219,714</u>	<u>5,402,724</u>
Net non-operating revenues and expenses	<u>1,698,260</u>	<u>5,877,176</u>
Change in net position	<u>11,340</u>	<u>4,158,677</u>
NET POSITION, beginning of the year	<u>28,989,760</u>	<u>24,831,083</u>
NET POSITION, ending	<u>\$ 29,001,100</u>	<u>\$ 28,989,760</u>

See accompanying notes to financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>As Restated (Note 2) 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from federal and state grants and contracts, program fees, and other revenues	\$ 3,235,355	\$ 2,074,284
Cash paid to suppliers for goods and services	(1,841,428)	(1,565,838)
Cash paid for salaries and benefits	(1,409,035)	(1,367,956)
Net cash provided (used) by operating activities	(15,108)	(859,510)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	11,451	10,614
Net cash provided (used) by investing activities	11,451	10,614
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of property and equipment	(1,206,989)	(5,280,595)
Federal grants	1,860,306	5,576,647
State and local grants	71,293	183,612
Program fees	410,862	281,768
Proceeds from borrowings	273,480	621,000
Principal payments on notes payable	(460,875)	(206,592)
Net cash provided (used) by capital and related Financing	948,077	1,175,840
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest Expense	(13,261)	(1,704)
Net cash provided (used) by noncapital financing activities	(13,261)	(1,704)
Net increase (decrease) in cash and cash Equivalents	931,159	325,240
CASH AND CASH EQUIVALENTS, beginning	1,921,516	1,596,276
CASH AND CASH EQUIVALENTS, ending	\$ 2,852,675	\$ 1,921,516
<b>RECONCILIATION OF TOTAL CASH &amp; CASH EQUIVALENTS TO STATEMENTS OF NET POSITION:</b>		
Unrestricted	\$ 1,424,772	\$ 802,074
Restricted:		
PFC funds	269,001	84,575
CFC funds	1,158,902	1,032,387
Other restricted funds	-	2,480
Total cash & cash equivalents	\$ 2,852,675	\$ 1,921,516

See accompanying notes to financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>As Restated (Note 2) 2021</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES:</b>		
Operating Income (loss)	\$ (1,686,920)	\$ (1,718,499)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,543,386	1,405,114
Amortization of prepaid land lease	7,007	7,007
Changes in assets and liabilities:		
(Increase) decrease in receivables	(15,025)	(17,199)
(Increase) decrease due from gvts (TSA/DHS)	(3,840)	(3,600)
(Increase) decrease prepaid expenses	(785)	(1,545)
(Increase) decrease in inventory	(69,074)	(37,233)
Increase (decrease) in accounts payable	218,713	(484,989)
Increase (decrease) in deferred revenue	(1,309)	3,020
Increase (decrease) in accrued expenses	1,831	(14,803)
Increase (decrease) in accrued compensated absences	(9,093)	3,217
Total adjustments	<u>1,671,811</u>	<u>858,989</u>
Net cash provided (used) by operating activities	<u>\$ (15,108)</u>	<u>\$ (859,510)</u>

See accompanying notes to financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**1. Organization and Reporting Entity**

**Organization:**

The Lawton Metropolitan Area Airport Authority (the Authority) was established by the City of Lawton (the City) as an Oklahoma Public Trust in October 1969 to operate the Lawton Municipal Airport and to modernize and expand the airport facilities. One Authority trustee is also a member of the City Council. The Authority does not have the power to levy taxes, and while the City of Lawton has no obligation for debt issued by the Authority, it is the beneficiary of the trust.

The Authority equips, operates, and maintains the airport facilities and collects various amounts related to Authority activities from leases and commissions. In-kind services, such as aircraft rescue and firefighting staff, are supplied by the City. The airport has a 30,000 square foot terminal and a general aviation terminal. American Eagle is the airport's commercial carrier. American Eagle offers daily flights to and from Dallas-Fort Worth International Airport. During most operating periods, the airport receives capital improvement funds from federal sources, passenger facility charges, City Capital Improvement Projects (CIP), and Oklahoma Aeronautic Commission (OAC) state grants.

**Reporting Entity:**

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Lawton's basic financial statements based on the City's responsibility for the appointment of the Authority members, and their approval of capital programs. As such, the Authority is included in the City's basic financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the Authority only. The Authority is not involved in any joint ventures.

**2. Summary of accounting policies**

This report is prepared in conformity with U.S. Generally accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Those statements establish standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**2. Summary of accounting policies (continued)**

Basis of Accounting -- The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Fund Net Position is a statement of financial activities related to the current reporting period.

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

The financial statements are presented using the “business-type activities” approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges. As is required by generally accepted accounting principles, the Authority reports using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method of accounting also distinguishes operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

GASB Statements No. 34 and 63 require that the Statement of Net Position classify net position into three components: net investment in capital assets; restricted, and unrestricted. These classifications are defined as follows.

Net Investment in Capital Assets -- This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the net position component as the unspent proceeds.



**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**2. Summary of accounting policies (continued)**

Restricted Net Position -- This component of net position 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. When both restricted and unrestricted sources are available for use, generally it is the Authority's policy to use restricted resources first.

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

Component Unit -- Component units are legally separate organizations for which the officials of the primary entity are financially responsible. In addition, component units can be other organizations which the nature and significance of their relationship with the primary entity are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is a component unit of the City of Lawton.

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

Cash and Cash Equivalents -- The Authority considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents

Inventory -- The Authority maintains its inventory of snow removal chemicals and aviation fuel on the first-in-first-out (FIFO) method. Inventory balances were \$173,295 at June 30, 2022 and \$104,221 at June 30, 2021.

Investments -- All investments are recorded at fair value.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**2. Summary of accounting policies (continued)**

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year and an original cost of \$1,000 or more are recorded as additions to capital assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

<u>Type of Asset</u>	<u>Years</u>
Runways, ramps, and roads	20
Buildings and improvements	50
Equipment	5-20
Vehicles	5
Office furniture and equipment	5-10
Land Improvements	10-20

In-Kind and Match Revenue Expenses -- Certain grants require in-kind matching funds. The Authority participates in the Federal Aviation Administration's (FAA) passenger facility charge (PFC) program using these funds to provide matching funds for federal funding of construction contracts.

Statements of Cash Flows -- In accordance with GASB Statement 34, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method

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

Leases -- the Authority is a party as lessor for various noncancellable long-term leases of buildings, property and office space. The corresponding lease receivable is recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate.

Change In Accounting Principle - the Authority implemented *GASB Statement 87 - Leases* in the current financial statements. The prior period has been restated to reflect the prior period change resulting in the adoption of GASB Statement 87.

**3. Deposits and Deposit Risk**

The Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2022:

<u>Type</u>	<u>2022</u>	<u>2021</u>
Demand deposits	\$ 1,424,772	\$ 802,074
Demand Deposits, restricted	<u>1,427,903</u>	<u>1,119,442</u>
Total deposits	<u>\$ 2,852,675</u>	<u>\$ 1,921,516</u>

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**3. Deposits and Deposit Risk (continued)**

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$2,852,674 at June 30, 2022 and \$1,921,516 at June 30, 21. All deposits were insured by depository insurance or secured with collateral held by the Authority’s agent in its name.

Investment Interest Rate Risk – The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. 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.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

**4. Receivables**

Accounts Receivable -- the Authority submits requests for advances and/or reimbursements to grantor and pass-through agencies for grant funds. As of June 30, 2022 and 2021, respectively, the Authority had the following outstanding receivables:

	2022	2021
Government	\$ 67,943	\$ 704,694
Contracts and other	113,724	98,699
Accounts receivable	\$ 181,667	\$ 803,393

All amounts receivable at June 30, 2021 were collected. All amounts receivable at June 30, 2022 were collected or considered collectible subsequent to the year end.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**5. Fire services contributed by the City of Lawton**

The City provides fire protection for the Authority in a facility owned by the Authority. Salaries and other costs paid by the City and dedicated to the Authority are recognized in the financial statements as in-kind contributions. In-kind contributions for the years ended June 30, 2022 and 2021, respectively, consisted of the following:

	<u>2022</u>	<u>2021</u>
Salaries	\$ 525,549	\$ 495,869
Taxes and fringe benefits	78,531	74,095
Maintenance, operations, and contractual services	60,335	55,663
Fire Services contributed by the City of Lawton	\$ 664,415	\$ 625,627

**6. Capital assets**

The Authority's investment in property and equipment at June 30, 2022 and 2021, and the related activity for the years then ended was as follows:

	<u>Ending Balance June 2021</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance June 2022</u>
<b>Assets not being depreciated</b>				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction in Process	7,120,900	1,033,128	(7,705,200)	448,828
<b>Total assets not being depreciated</b>	7,128,700	1,033,128	(7,705,200)	456,628
<b>Assets being depreciated</b>				
Runways, ramps, and roads	29,692,565	3,230,899		32,923,464
Buildings and improvements	14,709,294	4,474,301		19,183,595
Equipment	3,029,355	159,226		3,188,581
Vehicles	192,880	-		192,880
Furniture and equipment	151,518	14,634		166,152
Land improvements	830,495			830,495
<b>Total assets being depreciated</b>	48,606,107	7,879,060		56,485,167
<b>Total assets</b>	55,734,807	8,912,188	(7,705,200)	56,941,795
<b>Less accumulated depreciation for:</b>				
Runways, ramps, and roads	(21,726,455)	(1,073,910)		(22,800,365)
Buildings and improvements	(4,353,780)	(310,089)		(4,663,869)
Equipment	(2,485,067)	(101,872)		(2,586,939)
Vehicles	(147,544)	(18,098)		(165,642)
Furniture and equipment	(110,572)	(6,065)		(116,637)
Land improvements	(279,485)	(33,352)		(312,837)
<b>Total accumulated Depreciation</b>	(29,102,903)	(1,543,386)		(30,646,289)
<b>Net capital assets</b>	\$ 26,631,905	\$ 7,368,802	\$ (7,705,200)	\$ 26,295,507

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**6. Capital assets (continued)**

Buildings are presented at cost, or fair market value if donated, while equipment, furniture and fixtures, and vehicles with a life of more than one year are included at cost.

Depreciation expenses for the years ended June 30, 2022 and 2021 were \$1,543,386 and \$1,405,114 respectively.

**7. Rental income**

The Authority, as operator of the airport facility, acts as lessor to various airlines and businesses operating at the airport. Rental revenues are billed and collected monthly. Some tenant's rents are based on sales. For more information on leases, refer to the specific lease agreements.

**8. Leases Payable**

City of Lawton -- On February 10, 1970, the Authority entered into a lease with the City of Lawton. This lease includes all airport facilities of the City as well as the terminal building, hangers, runway, taxiways, parking areas, and all airport facilities and real property belonging to the City. Per various amendments the lease does not require any payment to the City by the Authority. It does require the Authority to expend all revenues generated by the Authority for capital or operating costs of the airport. An amendment in 2002 extended the term of the original lease to an eighty year lease terminating December 31, 2049. For complete details relating to this lease, see the original lease agreement and all amendments.

Commissioners of the Land Office -- On February 14, 2007, the Authority entered into a commercial ground lease with Commissioners of the Land Office, State of Oklahoma. The Authority paid a one time lease amount of \$385,383. The term of the lease is fifty-five years. The Authority amortizes the \$385,383 on a straight line basis. The amortization amount for each year is \$7,007.

**9. Airport security contract**

During the year ended June 30, 2022 and 2021, the Lawton Metropolitan Area Airport Authority received and/or earned \$55,880 and \$30,680 respectively from the Transportation Security Administration and expended by reimbursement to the City of Lawton a like amount for airport police services. The revenue is included in operating revenue on the Statement of Revenue, Expenses, and Changes in Net Assets, and the expense is included in Security expense.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**10. Compensated absences**

Employees are eligible to take vacation on a compensated basis after one year of service with the amount of vacation pay determined by length of service. Employees are allowed to carryover a maximum of 40 hours of vacation each year. The Authority limits payment of unused vacation time to a maximum of 80 hours upon termination of employment. Sick leave is accrued at a rate of 1 day per month for a maximum of 12 days per year and may accrue to a maximum of 160 hours. When an employee leaves the employment with the Authority, the balance of sick leave is forfeited.

The accompanying financial statements as of June 30, 2022 and 2021 include obligations of \$20,333 and \$29,426 in accrued liabilities for compensated absences, respectively.

**11. Long-term debt**

The Authority has two operating line-of-credits with a local financial institution for a total of \$621,000 with \$437,475 credit available to the Authority. The balance on June 30, 2022 was \$183,525 and 2021 was \$621,000. The loans carry a interest rate of 3.25%.

Annual principal payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 457,005	\$ 2,418	\$ 459,423
2024			
2025			
2026			
2027 and thereafter	-	-	-
	<u>\$ 457,005</u>	<u>\$ 2,418</u>	<u>\$ 459,423</u>

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**12. Simplified employee pension plan**

Plan Description -- On January 1, 1989, the Authority adopted a Simplified Pension Plan (a defined contribution plan) for all its full-time employees who are at least twenty-one (21) years of age, are not covered under a collective bargaining agreement, have worked at least one year of the immediately preceding five (5) years, and whose total compensation during the year is equal to or exceeds \$300. During the years ended June 30, 2022 and June 30, 2021 the Authority contributed 7% of eligible employees' annual salary into a flexible premium annuity and mutual funds i.e., a pension plan contribution of \$31,646 and \$38,807 respectively, was made by the Authority.

**13. Grants and contracts**

During the year ended June 30, 2022 and 2021 the Authority spent the following amounts under various grants and contracts related to airport construction and promotion projects. Some of the revenue has yet to be received, and some had been received in prior periods. The following has been expended:

<u>Grant No</u>	<u>2022</u>	<u>2021</u>
AIP Project 37	333,785	257,411
AIP Project 38	153,615	1,168,734
AIP Project 39	-	639,929
AIP Project 40	-	3,032,834
AIP Project 41	643,623	303,816
AIP Project 43	88,690	-
TSA	<u>52,040</u>	<u>24,600</u>
Total	<u>\$ 1,271,753</u>	<u>\$ 5,427,324</u>

**14. Commitments and contingencies**

Grant -- The Authority receives matching capital asset grants from the Federal Aviation Administration (FAA). The grant expenditures are subject to audit by the FAA, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material by management.

**15. Risk Management**

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance, auto, and workers compensation for risk of loss. There have been no settlements in excess of the Authority's coverage.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**16. Subsequent Events**

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2022 through October 7, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of disclosure in the financial statements.

**17. Leases Receivable**

The Authority as a lessor, has entered into lease agreements involving land, buildings and office space. The authority has used a 4% rate for imputing interest on all leases. A summary of the entity's lease terms is as follows:

Lease of space in airport to restaurant. Monthly lease payments of \$400 beginning April 1, 2022 and ending March 31, 2024, with the first six months being free. The authority has used a 4% rate for imputing interest on the lease. Tenant also pays 5.2% of airport utilities which approximates the utility cost attributable to the restaurant. The lease provides the tenant with exclusive rights to sell food and beverages in the airport.

Lease to TSA of office space inside airport. The lease calls for monthly lease payments of \$2,961.25 beginning on January 1, 2020 with an annual escalation of 2% through the remainder of the lease term which expires on December 31, 2024. Tenant also pays \$300 per month to cover utilities and janitorial services attributable to their office space.

Lease of property adjacent to airport to the Lawton Municipal Golf Course and driving range. The lease calls for monthly payments of \$1,744.37 beginning on January 1, 2020 with an annual escalation of 5% beginning January 1, 2023 through the expiration of the lease on December 31, 2024.

Lease of exclusive terminal space to Avis/Budget Rent A Car and parking lot space. The lease calls for monthly payments of \$1,250.29 which includes annual rent of terminal space at \$190 per square foot, parking spaces at \$190/space and \$125/space for overflow parking spaces beginning March 1, 2022 through February 28, 2027. Included in the lease is a provision for a 2% annual escalation. In addition, the tenant is required to pay 10% of their gross revenue, excluding tax and fuel.



**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**17. Leases Receivable** (continued)

Lease of exclusive terminal space to Enterprise/National Rent A Car and parking lot space. The lease calls for monthly payments of \$1,725.29 which includes annual rent of terminal space at \$190 per square foot, plus annual rent of parking spaces at \$190/space and \$125/space for overflow parking spaces beginning March 1, 2022 through February 28, 2027. Included in the lease is a provision for a 2% annual escalation. In addition, the tenant is required to pay 10% of their gross revenue, excluding tax and fuel.

Lease of land adjacent to the airport by the Bishop School System. The lease calls for annual payments beginning February 1970 of \$2,500 with a 2% biannual escalation through the expiration of the lease on December 31, 2040.

As explained above, certain leases require variable payments based on performance of the lessee and variable cost reimbursements such as utilities. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the years ended June 30, 2022 and 2021, the Authority received variable payments from these leases as required by lease agreements totaling \$543,665 and \$402,532 respectively.

**18. Regulated Lease**

The authority has got one lease considered “regulated” as defined by GASB 87. This lease is a lease of space to American Airlines for office space inside airport, ticket counter space and inside and outside baggage space and is regulated by the Federal Aviation Administration. The lease calls for monthly lease payments of \$3,789.87 beginning on January 1, 2020 with an annual escalation of 2% through the remainder of the lease term which expires on December 31, 2024. Tenant also pays 5% of airport utilities which approximates the utility cost attributable to the tenant, and 37 cents per enplaned passenger and 85cents per one thousand pounds per landing. Because this lease is regulated the Authority has not made a provision for the lease receivable or deferred inflow. The Authority has recognized \$68,849 and \$54,213 in inflows during the reporting periods ending June 30, 2022 and 2021 respectively. Of those amounts, \$27,504 and \$8,250 were received in variable payments for the years ending June 30, 2022 and 2021 respectively. Future minimum payments under this lease agreement are as follows:

June 30, 2023	\$ 47,779
June 30, 2024	\$ 48,745
June 30, 2025	\$ 24,614

## **SUPPLEMENTAL INFORMATION**

# ROBERT D. TURNER C.P.A.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lawton Metropolitan Area Airport Authority, and as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Lawton Metropolitan Area Airport Authority's basic financial statements, and have issued my report thereon date December 5, 2022.

### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Lawton Metropolitan Area Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawton Metropolitan Area Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Lawton Metropolitan Area Airport Authority's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lawton Metropolitan Area Airport Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robert D. Turner*

Robert D. Turner, CPA  
Lawton, OK  
December 5, 2022

# ROBERT D. TURNER C.P.A.

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

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

### **Report on Compliance for Each Major Federal Program**

I have audited the Lawton Metropolitan Area Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Authorities major federal programs for the year ended June 30, 2022. The Authorities major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Lawton Metropolitan Area Airport Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, the Lawton Metropolitan Area Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a

direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### ***Report on Internal Control over Compliance***

Management of the Lawton Metropolitan Area Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Lawton Metropolitan Area Airport Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Robert D. Turner*

Robert D. Turner  
Lawton, OK  
December 5, 2022

**Lawton Metropolitan Area Airport Authority  
Schedules of Expenditures of Federal Awards  
For The Year Ended June 30, 2022**

<u>Federal Grantor Agency/Grant Program/Grant Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation:</b>			
Federal Aviation Administration - Airport Improvement Program			
03-40-0051-37	20.106	N/A	333,785
03-40-0051-38	20.106	N/A	153,615
03-40-0051-41	20.106	N/A	643,623
03-40-0051-43	20.106	N/A	<u>88,690</u>
<b>Total CFDA 20.106</b>			<b><u>\$ 1,219,713</u></b>
 <b>U.S. Department of Homeland Security:</b>			
Transportation Security Administration - Airport Checked Baggage Inspection System Diagram			
	97.117	N/A	<u>52,040</u>
<b>Total CFDA 97.117</b>			<u>52,040</u>
Total Expenditures of Federal Awards			<b><u>\$ 1,271,753</u></b>

**Lawton Metropolitan Area Airport Authority**  
**Notes to Schedules of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2022**

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents the activity of the federal awards program of Lawton Metropolitan Area Airport Authority (the Authority) for the year ended June 30, 2022. Federal awards received directly from federal agencies and expended by the Authority are included in the schedule. Although the Authority is required to match certain grants, as defined therein, no such matching has been included in the schedule.

**2. Basis of Accounting**

The Schedule of Expenditures of Federal Awards has been prepared on the basis of accounting as defined by Uniform Guidance. Under this basis, expenditures are recognized when the activity related to the award occurs.

**3. Risk-Based Audit Approach**

The dollar threshold to distinguish between Type A and Type B programs is \$750,000. The Authority does not qualify as a low-risk auditee.

**4. Sub-Recipients**

Of the expenditures presented in the schedule, The Authority did not provide any awards to sub-recipients.

**5. Outstanding Federal Loans**

The Authority has no federal loan obligations as of June 30, 2022.



**Lawton Metropolitan Area Airport Authority  
Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2022**

**Section 1—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? YES  NO
- Significant deficiency identified that is not considered to be material weaknesses? YES  NO

Noncompliance material to financial statements noted? YES  NO

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? YES  NO
- Significant deficiency identified that is not considered to be material weaknesses? YES  NO

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in accordance with the Uniform Guidance. YES  NO

Identification of major programs

<u>CDFA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation Federal Aviation Administration Airport Improvement Program

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

Auditee qualified as low-risk? YES  NO

**Lawton Metropolitan Area Airport Authority  
Schedule of Findings and Questioned Costs Continued  
For The Year Ended June 30, 2022**

**Section 2—Financial Statement Findings**

**None**

**Section 3 – Findings and Questioned Costs – Major Federal Program Audit**

**None**

**Section 4 — Prior Audit Finding and Questioned Costs:**

**None**

# ROBERT D. TURNER C.P.A.

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

### **Compliance**

I have audited Lawton Metropolitan Area Airport Authority's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, applicable to its passenger facility charge program for the year ended June 30, 2022.

#### *Management's Responsibility*

Compliance with the requirements referred to above is the responsibility of the Authority's management.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that I 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 material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance. My audit does not provide a legal determination of the Authority's compliance with those requirements.

#### *Opinion*

In my opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2022.

## Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit, I considered the Authority's internal control over compliance to determine the auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

*Robert D. Turner*

Robert D. Turner  
Lawton, OK  
December 5, 2022

**Lawton Metropolitan Area Airport Authority**  
**Schedules of Passenger Facility Charges**  
**For The Year Ended June 30, 2022**

<b>REVENUE</b>	<u>Beginning Balance</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>6/30/22 Total</u>	<u>Program Total</u>
Collections	\$ 4,408,421	\$ 54,366	\$ 49,706	\$ 32,929	\$ 47,345	\$ 184,346	\$ 4,592,767
Interest	46,873	19	23	27	33	102	46,975
Total revenue	<u>4,455,294</u>	<u>54,385</u>	<u>49,729</u>	<u>32,956</u>	<u>47,378</u>	<u>184,448</u>	<u>4,639,742</u>
 <b>DISBURSEMENTS</b>							
Application 92-01-C-03-LAW(closed)	452,189						452,189
Application 97-02-C-03-LAW (closed)	380,745						380,745
Application 02-03-C00-LAW (closed)	303,687						303,687
Application 04-04-C-00-LAW (closed)	249,492						249,492
 <b>PROJECTS:</b>							
Application 07-05-C00-LAW							
1—Drainage Reimbursement	40,328						40,328
2—Master Plan Update	10,912						10,912
3—Fire Suits	12,555						12,555
4—Rehab T Hangar Taxiways	38,342						38,342
5—Reconstruct Taxiway G	29,573						29,573
6---Extend Taxiway G							
7---Rehab s. 2400 of Runway	416,956						416,956
8---Rehab Runway Joints	17,500						17,500
Application 08-06-C00-LAW							
1—Emergency Power Generator	228,562						228,562
2—Terminal Building Renovations	346,122						346,122
3—Security Enhancements	383,793						383,793
4—PFC Application and Admin fees	29,612						29,612

**Lawton Metropolitan Area Airport Authority**  
**Schedules of Passenger Facility Charges (continued)**  
**For The Year Ended June 30, 2022**

Application 13-07-C-00-LAW

1—Taxiway A Pavement Soil Testing	7,052	7,052
2—Taxiway Rehab	28,581	28,581
3—Runway Overlay Design	10,617	10,617
4---Pavement Replacement Design	2,632	2,632
5---Pavement Replacement Construction	25,084	25,084
6---Boarding Gate Preliminary Design	32,674	32,674
7---Boarding Gate Final Design/Construction	126,936	126,936
8---Baggage Claim Preliminary Design	17,700	17,700
9---Baggage Claim Construction		
10---Boarding Bridges Installation		
11---SRE Design/Construction	86,233	86,233
12---Sweeper Truck Procurement	62,215	62,215
13---ARFF Vehicle Procurement	32,404	32,404
14---Wildlife Hazard Assessment	4,735	4,735
15—PFC Application and Administration	10,556	10,556

Application 16-08-C-00-LAW

1—Airside Electrical Improvements	122,823	122,823
2—PFC Application and Administration	24,000	24,000
3—ARFF Suits	15,000	15,000
4---Wildlife Fencing (Design and Construction)	40,400	40,400
5---ARFF Building Construction	258,117	175,724
6—PFC Application and Administration	10,000	10,000

Application 19-09-C-00-LAW

1---Expand Terminal Design	68,480	68,480
2---Terminal Bldg Construction	290,509	290,509
6---ARFF Building Design	31,111	31,111
7---Emergency Generator	33,961	33,961
8---Rehabilitate Runway	88,571	88,571

Total disbursements	4,370,759	10	10	(8)	10	22	4,370,781
Net Passenger Facility Charges	<u>84,575</u>	<u>54,375</u>	<u>49,719</u>	<u>32,964</u>	<u>47,368</u>	<u>184,426</u>	<u>269,001</u>
Passenger Facility Charges account balance	<u>\$ 84,575</u>	<u>\$ 138,950</u>	<u>\$ 188,669</u>	<u>\$ 221,633</u>	<u>\$ 269,001</u>	<u>\$ 269,001</u>	<u>\$ 269,001</u>

**Lawton Metropolitan Area Airport Authority**  
**Notes to the Schedule of Passenger Facility Charges**  
**For The Year Ended June 30, 2022**

**Note 1 – GENERAL**

The Schedule of Passenger Facility Charge presents only the activity of the Passenger Facility Charge (PFC) program of the Lawton Metropolitan Area Airport Authority.

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of PFCs and the use of the resulting revenue on Federal Aviation Administration (FAA) approved projects. PFCs are fees imposed on enplaned passengers by the Authority for the purpose of generating revenue for Authority projects that increase capacity, increase safety, mitigate noise impact and enhance competition between and among air carriers in accordance with FAA approvals.

**Note 2 – BASIS OF PRESENTATION**

The accompanying schedule is presented using the cash basis of accounting.

