

LAWTON METROPOLITAN AREA
AIRPORT AUTHORITY

A Component Unit of the City of Lawton, Oklahoma

Financial Statements
For the Years Ended June 30, 2016 and 2015

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**Lawton Metropolitan Area Airport Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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, 2016. Please read it in conjunction with the Authority's financial statements, which begin on page 9.

Financial Highlights

- ❖ During the year ended June 30, 2016 the Airport's net position increased to \$19,224,711 from \$18,641,033 in 2015. Operating revenues and expenses did not change substantially.
- ❖ Operating revenues increased to \$1,670,147 from \$1,528,469 in 2015 while net non operating revenues decreased to \$1,787,427 from \$1,970,730 in 2015. The decrease in non operating revenues was primarily due to a decrease of \$417,688 in federal funds awarded through the Airport Improvement Program for capital improvements and an addition of \$255,719 in Customer Facility Charges for Car Rental Improvements.
- ❖ Operating expenses decreased to \$2,873,754 from \$2,877,169 in 2015, primarily as a result of decreases in advertising and promotion, operations, and a decrease in repairs and maintenance on capital assets.

Overview of the Financial Statements

The report on 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, 2016**

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			
<u>June 30, 2016 and 2015</u>			
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Current Assets	\$ 520,008	\$ 518,150	\$ 1,858
Noncurrent assets	<u>19,076,494</u>	<u>18,321,606</u>	<u>754,888</u>
Total assets	<u>19,596,502</u>	<u>18,839,756</u>	<u>756,746</u>
Current liabilities	355,753	168,348	187,405
Noncurrent liabilities	<u>16,038</u>	<u>30,375</u>	<u>(14,337)</u>
Total liabilities	<u>\$ 371,791</u>	<u>\$ 198,723</u>	<u>\$ 173,068</u>

**Lawton Metropolitan Area Airport Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Lawton Metropolitan Area Airport Authority

	Net Position June 30, 2016 and 2015		
	2016	2015	Increase (Decrease)
Net position:			
Net Investment in,			
Capital assets	\$ 18,175,104	\$ 17,596,764	\$ 578,340
Restricted for construction	571,619	392,113	179,506
Unrestricted	477,988	652,156	(174,168)
Total net position	\$ 19,224,711	\$ 18,641,033	\$ 583,678

Net position increased by \$583,678. The increase is primarily due to an increase in non-operating revenues and property, plant, and equipment.

Lawton Metropolitan Area Airport Authority

	Operating Results Years Ended June 30, 2016 and 2015		
	2016	2015	Increase (Decrease)
Operating revenues	\$ 1,670,147	\$ 1,528,469	\$ 141,678
Operating expenses	2,873,754	2,877,169	(3,415)
Operating income (loss)	(1,203,607)	(1,348,700)	145,093
Non operating revenues (expenses)	1,787,285	1,970,730	(183,445)
Changes in net position	583,678	622,030	(38,352)
Net position, beginning	18,641,033	18,019,003	622,030
Net position, ending	\$ 19,224,711	\$ 18,641,033	\$ 583,678

During the year ended June 30, 2016, overall operating revenues increased by \$141,678 and overall operating expenses decreased by \$3,415, primarily due to a decrease in advertising and promotion, operations, and maintenance.

The Authority's net position increased by \$583,678 primarily due to an increase in operating revenues.

Lawton Metropolitan Area Airport Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Lawton Metropolitan Area Airport Authority
 Analysis of Net Position
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Net position:			
Net Investment in,			
Capital assets	\$ 18,175,104	\$ 17,596,764	\$ 578,340
Restricted for construction	571,619	392,113	179,506
Unrestricted	<u>477,988</u>	<u>652,156</u>	<u>(174,168)</u>
Total net position	<u>\$ 19,224,711</u>	<u>\$ 18,641,033</u>	<u>\$ 583,678</u>

Lawton Metropolitan Area Airport Authority
 Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Cash provided (used) by:			
Operating activities	\$ 16,724	\$ 25,913	\$ (9,189)
Non capital financing activities	(6,974)	(1,848)	(5,126)
Capital and related financing activities	83,068	(16,337)	99,405
Investing activities	<u>358</u>	<u>381</u>	<u>(23)</u>
Net increase (decrease) in cash and cash equivalents	93,176	8,109	85,067
Cash and cash equivalents, beginning	<u>651,839</u>	<u>643,730</u>	<u>8,109</u>
Cash and cash equivalents, ending	<u>\$ 745,015</u>	<u>\$ 651,839</u>	<u>\$ 93,176</u>

Capital Assets and Debt Administration

At June 30, 2016, the Authority's investment in net capital assets increased by \$560,401.

Lawton Metropolitan Area Airport Authority
 Capital Assets, Net
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Capital assets:	\$ 40,584,071	\$ 38,750,401	\$ 1,833,670
Less: accumulated depreciation	<u>(22,378,581)</u>	<u>(21,105,312)</u>	<u>(1,273,269)</u>
Capital assets, net	<u>\$ 18,205,490</u>	<u>\$ 17,645,089</u>	<u>\$ 560,401</u>

**Lawton Metropolitan Area Airport Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Capital Assets and Debt Administration (continued)

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

*	Back-up Generator	\$ 228,386
*	Parking Equipment	91,365
*	Machinery and Equipment	73,466
*	Building Improvements	1,303,781

The Authority had long-term debt outstanding at June 30, 2016 related to the purchase of capital assets of \$30,386, of which \$14,348 is due within twelve months.

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 Ms. Barbara McNally, Airport Manager, Lawton Metropolitan Area Airport Authority, 3401 South 11th Street, Lawton, Oklahoma 73501.

ROBERT D. TURNER C.P.A.

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Independent Auditor's Report

Board of Trustees
Lawton Metropolitan Area Airport Authority
Lawton, Oklahoma

I have audited the accompanying financial statements of the Lawton Metropolitan Area Airport Authority (a component unit of the City of Lawton) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Lawton Metropolitan Area Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lawton Metropolitan Area Airport Authority as of June 30, 2016 and 2015, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 1 -5) 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 30) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 25-26) 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 October 30, 2016, 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 A. Turner

October 30, 2016

Lawton Metropolitan Area Airport Authority
Statements of Net Position
For the Years Ended June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 189,326	\$ 297,644
Accounts receivable	41,117	57,496
Due from governments	253,407	136,006
Prepaid insurance	6,898	7,434
Inventory	<u>29,261</u>	<u>19,570</u>
Total current assets	520,009	518,150
Noncurrent assets:		
Restricted cash	555,689	354,195
Prepaid land lease	315,315	322,322
Property, plant, and equipment, net of accumulated depreciation	<u>18,205,490</u>	<u>17,645,089</u>
Total noncurrent assets	<u>19,076,494</u>	<u>18,321,606</u>
Total assets	<u><u>\$ 19,596,503</u></u>	<u><u>\$ 18,839,756</u></u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 77,895	\$ 128,427
Accrued liabilities	12,148	12,314
Accrued compensated absences	6,413	9,658
Current portion of long term debt	<u>259,298</u>	<u>17,949</u>
Total current liabilities	355,754	168,348
Long-term liabilities	<u>16,038</u>	<u>30,375</u>
Total liabilities	<u><u>\$ 371,792</u></u>	<u><u>\$ 198,723</u></u>
NET POSITION:		
Net investment in capital assets	18,175,104	17,596,764
Restricted:		
Passenger facility charge funds	303,699	392,113
Customer facility charge funds	255,719	-
Other restricted funds	<u>12,200</u>	<u>-</u>
Total unrestricted	571,618	392,113
Unrestricted	<u>477,988</u>	<u>652,156</u>
Total net position	<u><u>\$ 19,224,711</u></u>	<u><u>\$ 18,641,033</u></u>

The accompanying notes are an integral part of these financial statements.

Lawton Metropolitan Area Airport Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

OPERATING REVENUES	<u>2016</u>	<u>2015</u>
Rental income	\$ 611,770	\$ 588,498
Fire services contributed by City of Lawton	634,209	616,533
Commissions	96,756	50,256
Landing fees	55,088	47,592
Parking	187,711	158,497
Federal grants - TSA/DHS	79,200	60,600
Other	<u>5,413</u>	<u>6,493</u>
Total operating revenues	<u>1,670,147</u>	<u>1,528,469</u>
 OPERATING EXPENSES		
Wages, airport	292,806	283,810
Payroll taxes and benefits, airport	80,392	83,962
Wages, payroll taxes, benefits, fire service	595,774	582,908
Advertising and promotion	110,448	137,906
Legal and professional	36,825	33,468
Training and travel	9,621	8,113
Telephone and utilities	86,420	87,855
Supplies and materials	46,085	78,352
Insurance	29,823	30,202
Maintenance, operations, and contractual	161,284	200,443
Fees, licenses, and dues	2,792	2,418
Depreciation	1,278,565	1,251,448
Security	120,872	85,963
Parking expenses	6,005	-
Amortization of prepaid	7,007	7,007
Other expenses	<u>9,035</u>	<u>3,314</u>
Total operating expenses	<u>2,873,754</u>	<u>2,877,169</u>
Operating income (loss)	<u>(1,203,607)</u>	<u>(1,348,700)</u>
 NONOPERATING REVENUES AND (EXPENSES)		
Interest income	146	142
Interest income, restricted	212	239
Gain (loss) on disposition	(3,328)	(11,701)
Interest expense	(7,497)	(1,848)
Passenger facility charges	183,556	260,512
Customer facility charges	255,719	-
Local grant - CCIDA	-	25,000
State grant - OAC	7,245	6,422
Federal grant – Small Community Air Svc Development	109,909	80,296
Federal grants – construction	<u>1,241,323</u>	<u>1,611,668</u>
Net non-operating revenues and expenses	<u>1,787,285</u>	<u>1,970,730</u>
Change in net position	<u>583,678</u>	<u>622,030</u>
NET POSITION, beginning	<u>18,641,033</u>	<u>18,019,003</u>
NET POSITION, ending	<u>\$ 19,224,711</u>	<u>\$ 18,641,033</u>

The accompanying notes are an integral part of these financial statements.

Lawton Metropolitan Area Airport Authority
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal and state grants and contracts, program fees, and other revenues	\$ 1,668,526	\$ 1,566,345
Cash paid to suppliers goods and services	(678,896)	(593,799)
Cash paid for salaries and benefits	<u>(972,906)</u>	<u>(946,633)</u>
Net cash provided (used) by operating activities	<u>16,724</u>	<u>25,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>358</u>	<u>381</u>
Net cash provided (used) by investing activities	<u>358</u>	<u>381</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(1,842,294)	(1,853,623)
Proceeds from sale of property and equipment	-	100
Federal grants	1,435,387	1,828,670
State and local grants	7,245	31,422
Program fees	255,719	-
Proceeds from borrowings	428,456	-
Principal payments on notes payable	<u>(201,445)</u>	<u>(22,906)</u>
Net cash provided (used) by capital and related financing	<u>83,068</u>	<u>(16,337)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest Expense	<u>(6,974)</u>	<u>(1,848)</u>
Net cash provided (used) by noncapital financing activities	<u>(6,974)</u>	<u>(1,848)</u>
Net increase (decrease) in cash and cash equivalents	93,176	8,109
CASH AND CASH EQUIVALENTS, beginning	<u>651,839</u>	<u>643,730</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 745,015</u>	<u>\$ 651,839</u>
RECONCILIATION OF TOTAL CASH & CASH EQUIVALENTS TO STATEMENTS OF NET POSITION:		
Unrestricted	\$ 189,326	\$ 297,644
Restricted:		
PFC funds	287,770	354,195
CFC funds	255,719	-
Other restricted funds	<u>12,200</u>	<u>-</u>
Total cash & cash equivalents	<u>\$ 745,015</u>	<u>\$ 651,839</u>

The accompanying notes are an integral part of these financial statements.

Lawton Metropolitan Area Airport Authority
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income (loss)	\$ (1,203,606)	\$ (1,348,700)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,278,565	1,251,448
Amortization of prepaid land lease	7,007	7,007
Changes in assets and liabilities:		
(Increase) decrease in receivables	16,379	10,920
(Increase) decrease due from governments (TSA/DHS)	(18,000)	26,956
(Increase) decrease prepaid expenses	537	3,471
(Increase) decrease in inventory	(9,691)	(4,304)
Increase (decrease) in accounts payable	(50,533)	75,068
Increase (decrease) in accrued expenses	(689)	1,872
Increase (decrease) in accrued compensated absences	<u>(3,245)</u>	<u>2,175</u>
Total adjustments	<u>1,220,330</u>	<u>1,374,613</u>
Net cash provided (used) by operating activities	<u>\$ 16,724</u>	<u>\$ 25,913</u>

The accompanying notes are an integral part of these financial statements.

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015

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, 2016 and 2015

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 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 on the first-in-first-out (FIFO) method. Inventory balances were \$29,261 at June 30, 2016 and \$19,570 at June 30, 2015.

Investments -- All investments are recorded at fair value.

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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	50

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.

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, 2016:

<u>Type</u>	<u>2016</u>	<u>2015</u>
Demand deposits	\$ 189,326	\$ 297,644
Bank Overdrafts		
Demand Deposits, restricted	555,689	354,195
Time deposits	-	-
Total deposits	<u>\$ 745,015</u>	<u>\$ 651,839</u>

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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 \$745,015 at June 30, 2016 and \$651,839 at June 30, 2015. 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, 2016 and 2015, respectively, the Authority had the following outstanding receivables:

	2016	2015
Government	\$ 253,407	\$ 136,006
Contracts and other	41,117	57,496
Accounts receivable	\$ 294,524	\$ 193,502

All amounts receivable at June 30, 2015 were collected. All amounts receivable at June 30, 2016 were collected or considered collectible subsequent to the year end.

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015, respectively, consisted of the following:

	2016	2015
Salaries	\$ 515,153	\$ 495,472
Taxes and fringe benefits	80,621	87,436
Maintenance, operations, and contractual services	38,435	33,625
Fire Services contributed by the City of Lawton	\$ 634,209	\$ 616,533

6. Capital assets

The Authority's investment in property and equipment at June 30, 2016 and 2015, and the related activity for the years then ended was as follows:

	Beginning Balance June 2015	Increases	Decreases	Ending Balance June 2016
Assets not being depreciated:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction in progress	1,931,576	909,467	(764,171)	2,076,872
Total assets not being depreciated	1,939,376	909,467	(764,171)	2,084,672
Assets being depreciated:				
Runways, ramps, and roads	27,165,741	-	-	27,165,741
Buildings and improvements	7,007,652	1,303,781	(4,676)	8,306,757
Equipment	2,285,396	393,216	(2,201)	2,676,411
Vehicles	50,873	-	-	50,873
Furniture and equipment	103,319	-	(1,746)	101,573
Land improvements	198,044	-	-	198,044
Total assets being depreciated	36,811,025	1,696,997	(8,623)	38,499,399
Total assets	38,750,401	2,606,464	(772,794)	40,584,071
Less accumulated depreciation for:				
Runways, ramps, and roads	(16,205,270)	(933,968)	-	(17,139,238)
Buildings and improvements	(3,137,812)	(163,625)	2,468	(3,298,969)
Equipment and fixture	(1,515,820)	(152,792)	1,284	(1,667,328)
Furniture and fixtures	(91,478)	(3,065)	1,544	(92,999)
Vehicles	(38,002)	(5,516)	-	(43,518)
Land improvements	(116,930)	(19,599)	-	(136,529)
Total accumulated depreciation	(21,105,312)	(1,278,565)	5,296	(22,378,581)
Net capital assets	\$ 17,645,089	\$ 1,327,899	\$ (767,498)	\$ 18,205,490

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015 were \$1,278,565 and \$1,251,448 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

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. For complete details in reference to this lease refer to the lease agreement.

9. Airport security contract

During the year ended June 30, 2016 and 2015, the Lawton Metropolitan Area Airport Authority received and/or earned \$79,200 and \$60,600 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, 2016 and 2015

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, 2016 and 2015 include obligations of \$6,413 and \$9,658 in accrued liabilities for compensated absences, respectively.

11. Long-term debt

In July 2013, the Authority incurred debt of \$70,100 in the form of a note to purchase a John Deere Tractor. Interest on the loan is at 2.65%, with monthly payments of \$1,248. The loan matures on August 25, 2018.

The Authority has an operating line-of-credit with a local financial institution for a total of \$300,000 with \$144,201 credit available to the Authority. The balance on June 30, 2016 was \$155,799 and 2015 was zero dollars. The loan carries an interest rate of 3.25%.

The Authority has an operating line-of-credit with a local financial institution for a total of \$321,000 with \$231,850 credit available to the Authority. The balance on June 30, 2016 was \$89,150. The loan carries an interest rate of 4.00%.

Annual principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 259,298	\$ 632	\$ 259,930
2018	14,733	247	14,980
2019	1,305	3	1,308
2020	-	-	-
2021 and thereafter	-	-	-
	<u>\$ 275,336</u>	<u>\$ 882</u>	<u>\$ 276,218</u>

Lawton Metropolitan Area Airport Authority
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016, and June 30, 2015 the Authority contributed 7% of eligible employees' annual salary into a flexible premium annuity and mutual funds i.e., a pension plan contribution of \$14,990 and \$16,645 respectively, was made by the Authority.

13. Grants and contracts

During the year ended June 30, 2016 and 2015 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>2016</u>	<u>2015</u>
AIP Project 31	\$ 124,510	\$ 904,263
AIP Project 32	485,388	644,056
AIP Project 33	680,393	-
SCASD	85,000	80,296
TSA	<u>79,200</u>	<u>60,600</u>
Total	<u>\$ 1,454,491</u>	<u>\$ 1,689,215</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, 2016 and 2015

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, 2016 through October 30, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

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, 2016 and 2015, 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 October 30, 2016.

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.

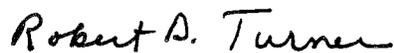
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify 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, CPA
October 30, 2016

Lawton Metropolitan Area Airport Authority
Schedules of Passenger Facility Charges
For The Year Ended June 30, 2016

REVENUE	Beginning Balance	Quarter 1	Quarter 2	Quarter 3	Quarter 4	6/30/16 Total	Program Total
Collections	\$ 3,331,117	\$ 58,809	\$ 49,739	\$ 43,744	\$ 53,235	\$ 205,527	\$ 3,536,644
Interest	<u>40,360</u>	<u>42</u>	<u>46</u>	<u>39</u>	<u>31</u>	<u>158</u>	<u>40,518</u>
Total revenue	<u>3,371,477</u>	<u>58,851</u>	<u>49,785</u>	<u>43,783</u>	<u>53,266</u>	<u>205,685</u>	<u>3,577,162</u>
 DISBURSEMENTS							
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
 PROJECTS:							
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		21,672	37,299	142,429	5,603	207,003	207,003
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, 2016

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	71,226	39,062	13,335	3,313	-	55,710	126,936
8---Baggage Claim Preliminary Design	17,700						17,700
9---Baggage Claim Construction							
10---Boarding Bridges Installation							
11---SRE Design/Construction	-	1,439	-	1,518	6,441	9,398	9,398
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	<u>10,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,556</u>
Total disbursements	<u>3,017,282</u>	<u>62,173</u>	<u>50,634</u>	<u>147,260</u>	<u>12,044</u>	<u>272,111</u>	<u>3,289,393</u>
Net Passenger Facility Charges	<u>\$ 354,195</u>	<u>\$ (3,322)</u>	<u>\$ (849)</u>	<u>\$ (103,477)</u>	<u>\$ 41,222</u>	<u>\$ (66,426)</u>	<u>\$ 287,769</u>
Passenger Facility Charges account balance	<u>\$ 354,195</u>	<u>\$ 350,873</u>	<u>\$ 350,024</u>	<u>\$ 246,547</u>	<u>\$ 287,769</u>	<u>\$ 287,769</u>	<u>\$ 287,769</u>

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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, 2016. 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, 2016.

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
October 30, 2016

**Lawton Metropolitan Area Airport Authority
Schedules of Expenditures of Federal Awards
For The Year Ended June 30, 2016**

Federal Grantor Agency/Grant Program/Grant Number	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Aviation Administration - Airport Improvement Program			
03-40-0051-31	20.106	N/A	\$ 124,510
03-40-0051-32	20.106	N/A	485,388
03-40-0051-33	20.106	N/A	680,393
Total CFDA 20.106			1,290,291
 U.S. Department of Transportation:			
U.S. Department of Transportation - Small Community Air Service Development Program			
	20.930	N/A	85,000
Total CFDA 20.930			85,000
 U.S. Department of Homeland Security:			
Transportation Security Administration - Airport Checked Baggage Inspection System Diagram			
	97.117	N/A	79,200
Total CFDA 97.117			79,200
Total Expenditures of Federal Awards			\$ 1,454,491

Lawton Metropolitan Area Airport Authority
Notes to Schedules of Expenditures of Federal Awards
For The Year Ended June 30, 2016

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, 2016. 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, 2016.

**Lawton Metropolitan Area Airport Authority
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2016**

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>C DFA 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, 2016**

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:

Finding 2015 – 001 -- Reporting Requirement

Current Status: Resolved