

LAWTON METROPOLITAN PLANNING ORGANIZATION
A Component Unit of the City of Lawton
Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
The Lawton Metropolitan Planning Organization
Lawton, Oklahoma

Opinion

I have audited the accompanying financial statements of Lawton Metropolitan Planning Organization (LMPO), 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 Planning Organization 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Planning Organization 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 Planning Organization'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 Planning Organization'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 Planning Organization'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

The Lawton Metropolitan Planning Organization has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 23, 2023, on my consideration of Lawton Metropolitan Planning Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawton Metropolitan Planning Organization's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
January 23, 2023

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of the City of Lawton

Statement of Net Position

As of June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 130,778
Accounts Receivable	<u>312,079</u>

Total Current Assets		\$ 442,857
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Noncurrent Assets

Office Furniture and Equipment	17,674
Less: Accumulated Depreciation	<u>(12,235)</u>

Total Noncurrent Assets		<u>5,439</u>
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TOTAL ASSETS		<u><u>\$ 448,296</u></u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$ <u>148,330</u>
Total Current Liabilities	

		\$ 148,330
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Non Current Liabilities

Payable to City of Lawton	<u>211,027</u>
Total Non Current Liabilities	

		211,027
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Total Liabilities		<u><u>\$ 359,357</u></u>
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Net Position

Net Investment in Capital Assets	5,439
Unrestricted Net Position	<u>83,500</u>

Total Net Position		<u>88,939</u>
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TOTAL NET POSITION		<u><u>\$ 88,939</u></u>
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See notes to the financial statements.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of the City of Lawton

Statement of Revenue, Expense and Changes in Net Position

For the Year Ending June 30, 2022

Operating Revenues

Intergovernmental:

Oklahoma Department of Transportation \$ 460,552

Operating Expenses

Depreciation \$ 1,911

Professional Services 304,860

Public Service Announcements 56,174

Reimbursement to the City of Lawton 96,168

Supplies 2,480

Web Site 870

Total Operating Expenses 462,463

Operating Income (Loss) (1,911)

Nonoperating Revenues

Interest Income 85

Total Nonoperating Revenues 85

Change in Net Position (1,826)

Net Position Beginning of Year 95,837

Prior Period Adjustment (Note 10) (5,072)

Net Position End of Year \$ 88,939

See notes to the financial statements.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of the City of Lawton

Statement of Cash Flow

For the Year Ending June 30, 2022

Cash Flows from Operating Activities

Receipts from Oklahoma Department of Transportation	\$ 317,723
Payment to Other Vendors	<u>(233,197)</u>

Net Cash Provided by Operating Activities	\$ 84,526
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Cash Flows from Financing Activities

Cash Flows from Investing Activities

Investment Income	<u>85</u>
Net Cash Provided by Investing Activities	<u>85</u>

<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	84,611
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<u>Cash and Cash Equivalents - June 30, 2021</u>	<u>46,167</u>
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<u>Cash and Cash Equivalents - June 30, 2022</u>	<u>\$ 130,778</u>
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Reconciliation of Operating Income to Net Cash Used by Operating Activities:

Operating Income (Loss)	\$ (1,911)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:	
Depreciation	1,911

Changes in Assets and Liabilities:

Increase Accounts Receivable	(142,829)
Increase Accounts Payable	143,258
Increase Payable to the City of Lawton	<u>84,097</u>

Net Cash Used by Operating Activities	<u>\$ 84,526</u>
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See notes to the financial statements.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of City of Lawton

Notes to Financial Statements

1. Reporting Entity

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

The LMPO membership consists of elected local officials, officials of public agencies that administer or operate major modes of transportation in the metropolitan area, and appropriate State officials. The planning and program management functions are administered and implemented by the City of Lawton's Planning Division, which provides staff, technical and clerical support, and is also designated as the LMPO secretary.

2. Summary of Significant 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 for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows.

Basis of Accounting – The Organization is considered a proprietary component-unit of the City of Lawton. The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in 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 Organization be displayed in three entity-wide financial statements. These are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These include all financial activity of the Organization.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of City of Lawton

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 34 requires 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 investment in capital assets, net of related debt. Rather, that portion of the debt is included in the Net Position component as the unspent proceeds.

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.

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."

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 Organization considers all highly liquid debt instruments with original maturities of 90 days or less to be cash equivalents. Cash balances are maintained at one financial institution.

Investments -- All investments are recorded at fair value.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of City of Lawton Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year are recorded as additions to fixed assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method and a 5 to 10 year life.

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

Statements of Cash Flows -- In accordance with FASB Statement No. 95, *Statement of Cash Flows*, as amended by FASB Statement No. 117, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.

Income Tax Status -- the Organization 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 Lawton Metropolitan Planning Organization is governed by the deposit and investment limitations of state law. The Organization held the following deposits at June 30, 2022 and reported at fair value, are as follows:

<u>Type</u>	<u>Carrying Value</u>
Demand deposits	\$ 130,778
Time deposits	<u>0</u>
	<u>130,778</u>
Investments	<u>0</u>
Total deposits & investments	<u>\$ 130,778</u>

Custodial Credit Risk -- Deposits in financial institutions, reported as components of cash and cash equivalents at June 30, 2022 were \$ 130,778, which is below the FDIC limit.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of the City of Lawton

Notes to Financial Statements

3. Deposits and Deposit Risk (continued)

Investment Interest Rate Risk – The Organization 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 Organization 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 Organization places no limit on the amount it may invest in any one issuer.

4. Accounts Receivable

LMPO receives its funding from the Oklahoma Department of Transportation through three contracts. These contracts provide for reimbursement of 80% of auditable costs as submitted by LMPO on a monthly basis. The City of Lawton is responsible for 20% of the costs. As of June 30, 2022, the Oklahoma Department of Transportation owed LMPO the following:

<u>Contract</u>	<u>Amount</u>
FHWAPL Funds	\$ 151,227
FTA 5303 Funds	44,857
CMAQ Project Funds	<u>115,995</u>
Total Accounts Receivable	<u>\$ 312,079</u>

LAWTON METROPOLITAN PLANNING ORGANIZATION.

A Component Unit of Comanche County

Notes to Financial Statements

5. Capital Assets

During the year ended June 30, 2022, the following changes in capital assets occurred:

	Balance 06/30/21	Additions	Deletions	Balance 06/30/22
Furniture and Equipment	\$ 17,674	\$	\$	\$ 17,674
Less Accumulated Depreciation	<u>10,324</u>	<u>1,911</u>	<u></u>	<u>12,235</u>
Total capital assets, not being depreciated	<u>\$ 7,350</u>	<u>\$ (1,911)</u>	<u>\$</u>	<u>\$ 5,439</u>

6. Accounts Payable

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

7. Subsequent Events

The Organization has evaluated subsequent events through January 23, 2023 the date which the financial statements were available to be issued.

8. Related Party Transactions

LMPO has a memorandum of Understanding with the City of Lawton, Oklahoma. LMPO agrees to reimburse the City of Lawton an amount not to exceed \$ 398,760 in transportation planning and Section 5303 grant funds apportioned in fiscal year 2022 within ninety days of the end of the fiscal year (under certain circumstances the LMPO director may delay reimbursement to the City of Lawton). City of Lawton employees provide shared services to LMPO. The amount of shared services for which the LMPO owed to the city at June 30, 2022 are \$ 211,027.

9. Economic Dependency

LMPO is dependent upon agreements with the Oklahoma Department of Transportation (and the related Federal programs) for funding. These programs could be reduced or discontinued in future years with significant negative impact to LMPO.

LAWTON METROPOLITAN PLANNING ORGANIZATION

A Component Unit of City of Lawton

Notes to Financial Statements

10. Prior Period Adjustment

LMPO did not record accounts payable in the prior year in the amount of \$ 5,072. This adjustment was necessary to match expenses with grant income. This adjustment decreased Net Position by \$ 5,072 as noted on page 5.

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*

To the Trustees of
The Lawton Metropolitan Planning Organization

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 statement of net position and the related statements of revenues, expenses and changes in net position and cash flows of the Lawton Metropolitan Planning Organization as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Lawton Metropolitan Planning Organization's basic financial statement and issued my report thereon dated January 23, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Lawton Metropolitan Planning Organization's control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawton Metropolitan Planning Organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lawton Metropolitan Planning Organization'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 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 Planning Organization's financial statements are free of 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 test 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, C.P.A.
January 23, 2023