



City of Lawton

Single Audit Reports

Year Ended June 30, 2022



Contents

Schedule of Expenditures of Federal Awards..... 1

Notes to the Schedule of Expenditures of Federal Awards..... 3

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 – Independent Auditor’s Report..... 4

Report on Compliance for Each Major Federal Program; Report on Internal Control over
Compliance; and Report on Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance - Independent Auditor’s Report..... 6

Schedule of Findings and Questioned Costs..... 9

Summary Schedule of Prior Audit Findings..... 12

**City of Lawton
Schedule of Expenditures of Federal
Awards Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Commerce</u>					
Economic Adjustment Assistance	11.307		08-79-05456	\$ -	\$ 688,842
Total U.S. Department of Commerce				-	688,842
<u>U.S. Department of Housing and Urban Development</u>					
<i>CDBG - Entitlement Grants Cluster</i>					
Community Development Block Grant/Entitlement Grants	14.218		B-17-MC-40-0001	-	21,380
	14.218		B-18-MC-40-0001	-	22,612
	14.218		B-19-MC-40-0001	-	161,495
	14.218		B-20-MC-40-0001	-	342,203
	14.218		B-21-MC-40-0001	-	124,561
COVID-19 Community Development Block Grant/Entitlement Grants	14.218		B-20-MW-40-0001 CARES	-	358,201
Total CDBG - Entitlement Grants Cluster				-	1,030,452
Home Investment Partnerships Program	14.239		M-15-MC-40-0201	-	14,537
	14.239		M-16-MC-40-0201	-	77,190
	14.239		M-17-MC-40-0201	-	99,698
	14.239		M-18-MC-40-0201	-	296,308
	14.239		M-19-MC-40-0201	-	32,144
	14.239		M-20-MC-40-0201	-	200
Total U.S. Department of Housing and Urban Development				-	1,550,529
<u>U.S. Department of Justice</u>					
Edward Brynes Memorial Grant	16.738		2020-DJ-BX-0465	-	59,237
Edward Brynes Memorial Grant	16.738		15PBJA-21-GG-01747-JAGX	-	62,249
Total U.S. Department of Justice				-	121,486
<u>U.S. Department of the Treasury</u>					
State of Oklahoma/COVID-19 Coronavirus Relief Fund	21.027		CSLFRF - CARES	-	3,401,708
Total Department of the Treasury				-	3,401,708
<u>U.S. Federal Highway Administration</u>					
<i>Highway Safety Cluster</i>					
Oklahoma Highway Safety Department/	20.600		AL-21-03-02-18	-	15,389
State and Community Highway Safety	20.600		AL-22-03-01-19	-	37,128
	20.600		SE-22-03-01-19	-	24,817
Total Highway Safety Cluster				-	77,334
Total U.S. Federal Highway Administration				-	77,334

**City of Lawton
Schedule of Expenditures of Federal Awards
(Continued) Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Transportation</u>					
<i>Federal Transit Cluster</i>					
Federal Transit - Formula Grants	20.507		OK-2019-026-00	\$ -	\$ 140,179
COVID-19/Federal Transit - Formula Grants	20.507		OK-2020-018-00	-	2,308,027
Federal Transit - Formula Grants	20.507		OK-2023-033-00	-	236,118
<i>Total Federal Transit Cluster</i>				-	2,684,324
Total U.S. Department of Transportation				-	2,684,324
<u>National Endowment for the Humanities (NEH)</u>					
<i>Oklahoma Department of Libraries</i>					
COVID-19 - Grants to States	45.310	F-22-088		-	45,580
Grants to States	45.310	F-22-251		-	2,286
Grants to States	45.310	F-22-016		-	9,000
Total National Endowment for the Humanities (NEH)				-	56,866
<u>Environmental Protection Agency</u>					
<i>Clean Water State Revolving Fund Cluster</i>					
State of Oklahoma Water Resource Board/Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-22-008-CW		-	1,496,133
<i>Total Clean Water State Revolving Fund Cluster</i>				-	1,496,133
Total Environmental Protection Agency				-	1,496,133
<u>Corporation for National and Community Service</u>					
Retired and Senior Volunteer Program	94.002		19SRWOK002	-	50,000
Total Corporation for National and Community Service				-	50,000
<u>U. S. Department of Homeland Security</u>					
Oklahoma Office of Homeland Security/	97.073	1140.015		-	16,712
State Homeland Security Program (SHSP)	97.073	1140.015		-	38,048
	97.073	1240.015		-	800
Total U.S. Department of Homeland Security				-	55,560
<u>Federal Emergency Management</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-06-OK-4574-PW-00069(1)	-	417,626
	97.036		PA-06-OK-4574-PW-00072(0)	-	51,899
Total U.S. Department of Health and Human Services				-	469,525
Total Expenditures of Federal Awards				\$ -	\$ 10,652,307

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Lawton, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The Schedule does not include the Lawton Metropolitan Area Airport Authority federal awards program.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



809 S. 52nd Street, Suite A / Rogers, AR 72758

P 479.845.0270 / F 479.845.0840

forvis.com

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*

Independent Auditor's Report

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawton, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 10, 2024. Our report includes a reference to other auditors who audited the financial statements of the Lawton Urban Renewal Authority, the Lawton Metropolitan Area Airport Authority, the McMahon Auditorium Authority, the Museum of the Great Plains Trust Authority, the Lawton Metropolitan Planning Organization, the Fires Innovation Science and Technology Accelerator and the City Employees Retirement Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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.

Our 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

The City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Rogers, Arkansas
April 10, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lawton, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lawton, Oklahoma complied, in all material respects, with the 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.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Lawton Metropolitan Area Airport Authority (the Airport), which expended \$1,271,753 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program" section above, does not include the operations of the Airport because an audit in accordance with the Uniform Guidance was issued separately by the Airport.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawton, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated April 10, 2024, which contained unmodified opinions on those financial statements and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Rogers, Arkansas
June 4, 2024, except for the paragraph on the
Schedule of Expenditures of Federal Awards,
which is April 10, 2024**

**City of Lawton
Schedule of Findings and Questioned
Costs Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified Adverse Disclaimer
2. Internal control over financial reporting:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No
3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No
5. Type of auditor's report issued on compliance for major federal programs:
 Unmodified Qualified Adverse Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

**City of Lawton
Schedule of Findings and Questioned Costs
(Continued) Year Ended June 30, 2022**

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.507	COVID-19 Federal Transit Cluster
21.027	COVID-19 Coronavirus Relief Fund
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

9. Auditee qualified as a low-risk auditee? Yes No

**City of Lawton
 Schedule of Findings and Questioned Costs
 (Continued) Year Ended June 30, 2022**

Section II – Financial Statement Findings

Reference Number	Finding
2022-001	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The City does not have formal accounting policies and procedures over the City’s accounting and internal control processes, and current processes and procedures may not effectively limit duties to minimize risks associated with adequate segregation of duties. The City’s system allows the payroll administrator to be the primary party reviewing and editing payroll data; allows the revenue services and financial services departments to add customers, write-off charges and potentially hide transactions during the reconciliation process; and could potentially allow improper edits to vendor files to go undetected if the monthly vendor report is not run timely. Finally, we noted a general lack of documentation regarding the identity of employees completing cash reconciliations, the completion date and lack of documentation of the formal review of these reconciliations.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatements in the financial statements resulting from errors that occurred and were not detected and/or corrected in a timely manner creating the need to record audit adjustments to correct the errors.</p> <p>Cause – Certain deficiencies in the overall financial statement preparation and review process allowed for undetected errors to occur. The current accounting system does not provide for effective review of certain transactions.</p> <p>Recommendation – We recommend the financial services department evaluate the need to implement additional accounting policies and internal control procedures to strengthen the department’s ability to accurately prepare timely GAAP basis financial statements for the City and related component units. As part of this process, the City should also evaluate the segregation of duties of financial services department personnel in order to minimize the potential risk associated with inadequate segregation of duties, management should evaluate its current system and identify options to improve the review of changes made to master files and journal entries.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management agrees. For the year ended June 30, 2023, procedures were implemented for the documentation of the review and approval of posting journal entries, updates made to vendor master files, identify employees completing cash reconciliations as well as the completion date and the approval of these reconciliations. The City’s Finance Department will continue to be mindful of and identify any solutions in which they may further segregate duties to minimize associated risk. The City’s new financial accounting software will further allow the segregation of duties, especially those related to payroll, adding of customers, charge write-offs, transaction management, and reconciliations.</p>

**City of Lawton
Schedule of Findings and Questioned Costs
(Continued) Year Ended June 30, 2022**

Section III – Federal Audit Findings and Questioned Costs

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.