

City of Norman, Oklahoma

Single Audit Reports

June 30, 2017



City of Norman, Oklahoma
June 30, 2017

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City of Norman, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Research & Development Cluster					
<i>U.S. Department of the Interior</i>					
Water Desalination Research and Development	15.506	None	R16AP00028	\$ -	\$ 142,027
Total Research & Development Cluster				-	142,027
U.S. Department of Housing and Urban Development					
<i>CDBG – Entitlement Cluster</i>					
Community Development Block Grants/ Entitlement Grants	14.218	None	#B-14 MC-40-0002	-	179,767
		None	#B-15 MC-40-0002	-	74,858
		None	#B-16 MC-40-0002	-	452,671
<i>Total CDBG – Entitlement Cluster</i>				-	707,296
Oklahoma State Department of Commerce/ Community Development Block Grants – State’s Program and Non-Entitlement Grants in Hawaii	14.228	16237 CDBG DR 13 16604 CDBG DR 13 16570 CDBG DR 13	None None None	- - -	455,937 3,583,897 272,531
				-	4,312,365
HOME Investment Partnerships Program	14.239	None	#M-12 MC-40-0204	-	2,226
		None	#M-15 MC-40-0204	-	45,525
		None	#M-16 MC-40-0204	-	19,264
				-	67,015
Continuum of Care (CoC) Program	14.267	OK0106L61041500	None	-	4,337
Total U.S. Department of Housing and Urban Development				-	5,091,013
U.S. Department of Interior					
Oklahoma State Historic Perservation Office/Historic Preservation Fund	15.904	16-612	None	-	14,294
Total U.S. Department of Interior				-	14,294
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grants Program	16.738	None	2016-DJ-BX-0676	-	15,689
Oklahoma District Attorneys Council/Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF15-002 FSF16-002	None None	- -	400 3,000
				-	3,400
Equitable Sharing Program	16.922	None	Unknown	-	493
Total U.S. Department of Justice				-	19,582

City of Norman, Oklahoma
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation					
<i>Highway Planning and Construction Cluster</i>					
Oklahoma Department of Transportation/ Highway Planning and Construction	20.205	ERSTP-214C(057)ER	None	\$ -	\$ 1,635
		ERSTP-214C(059)ER	None	-	46,812
		ERSTP-214C(060)ER	None	-	13,573
		ERSTP-214C(061)ER	None	-	21,684
		ERSTP-214C(062)ER	None	-	59,133
				<u>-</u>	<u>142,837</u>
Association of Central Oklahoma Governments/ Highway Planning and Construction	20.205	J/P 11767(31)	None	-	10,000
		2016-R1-CITYOFNORMAN	None	-	99,978
		2017-R1-NORMAN	None	-	223,620
				<u>-</u>	<u>333,598</u>
Oklahoma Tourism and Recreation Department/ Recreational Trails Program	20.219	NRT 2013(200)	None	-	160,000
<i>Total Highway Planning and Construction Cluster</i>				<u>-</u>	<u>636,435</u>
<i>Highway Safety Cluster</i>					
Oklahoma State Highway Safety Office/ State and Community Highway Safety	20.600	AL-16-02-02-16	None	-	11,271
		AL-16-03-10-08	None	-	12,500
		PT-16-03-15-08	None	-	2,604
		AL-17-02-01-17	None	-	25,458
		AL-17-03-08-09	None	-	56,421
		PT-16-03-99-00	None	-	5,732
				<u>-</u>	<u>113,986</u>
<i>Total Highway Safety Cluster</i>				<u>-</u>	<u>113,986</u>
Total U.S. Department of Transportation				<u>-</u>	<u>750,421</u>
Environmental Protection Agency					
<i>Clean Water State Revolving Funds Cluster</i>					
Oklahoma Water Resources Board/Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-14-0005-CW	None	-	3,443,899
Total Environmental Protection Agency				<u>-</u>	<u>3,443,899</u>
U.S. Department of Homeland Security					
Department of Civil Emergency Management/ Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4222 DR OK	None	-	232,121
Oklahoma Office of Homeland Security/ Hazard Mitigation Grant Program (HMGP)	97.039	FEMA-4117 DR OK 23	None	-	51,061
Oklahoma Office of Homeland Security/ Homeland Security Grant Program	97.067	680.505	None	-	2,889
		760.057	None	-	24,500
				<u>-</u>	<u>27,389</u>
Total U.S. Department of Homeland Security				<u>-</u>	<u>310,571</u>
Total Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 9,771,807</u>

The accompanying notes are an integral part of this Schedule.

City of Norman, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Norman, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2017. 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.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Honorable Mayor and City Council
City of Norman, Oklahoma
Norman, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norman, Oklahoma (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2017.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the City's internal control to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council
City of Norman, Oklahoma

Compliance

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

We noted certain matters that we reported to the City's management in a separate letter dated December 19, 2017.

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.

BKD, LLP

Oklahoma City, Oklahoma
December 19, 2017

**Report on Compliance for the 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

Honorable Mayor and City Council
City of Norman, Oklahoma
Norman, Oklahoma

Report on Compliance for the Major Federal Program

We have audited the City of Norman, Oklahoma's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is 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, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the City's compliance.

Honorable Mayor and City Council
City of Norman, Oklahoma

Opinion on Major Federal Program

In our opinion, the City of Norman, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its 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, we do not express an opinion on the effectiveness of the City'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 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 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. We did not identify any deficiencies in internal control over compliance that we 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 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.

Honorable Mayor and City Council
City of Norman, Oklahoma

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2017, which contained unmodified opinions on those financial statements. 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.

BKD, LLP

Oklahoma City, Oklahoma
December 19, 2017

City of Norman, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiencies? Yes None reported
Material weaknesses? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:

Significant deficiencies? Yes None reported
Material weaknesses? Yes No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

7. The City's major program was:

Cluster/Program	CFDA Number

Clean Water State Revolving Funds Cluster

Capitalization Grants for Clean Water State Revolving Funds

66.458

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

9. The City qualified as a low-risk auditee?

Yes No

City of Norman, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2017

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

No matters are reportable.

City of Norman, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Reference Number	Summary of Finding	Status
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No matters are reportable.