

Single Audit Reports

**THE CITY OF NORMAN,
OKLAHOMA**

June 30, 2012

Single Audit Reports

THE CITY OF NORMAN, OKLAHOMA

June 30, 2012

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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REPORTS REQUIRED BY OMB CIRCULAR A-133

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Independent Auditors' 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

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

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 of Norman, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Norman's basic financial statements and have issued our report thereon dated November 28, 2012. We conducted our 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.

Internal Control Over Financial Reporting

Management of the City of Norman is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Norman's internal control over financial reporting as a basis for designing our auditing procedures 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 of Norman's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Norman's internal control over financial reporting.

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 City of Norman's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norman'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*.

This report is intended solely for the information of the City Council, management and others within the City of Norman and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 28, 2012

Independent Auditors' Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control Over Compliance in Accordance
with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

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

Compliance

We have audited the compliance of the City of Norman, Oklahoma's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Norman's major federal programs for the year ended June 30, 2012. The City of Norman's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the City of Norman's management. Our responsibility is to express an opinion on the City of Norman's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Norman'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. Our audit does not provide a legal determination on the City of Norman's compliance with those requirements.

In our opinion the City of Norman complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the City of Norman is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Norman's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Norman'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.

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

Schedule of Expenditures of Federal Awards

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 of Norman as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Norman's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Council and management of the City and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 28, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Thru Grantors Number	Federal Expenditures
U.S. Department of HUD			
Direct Programs:			
Community Development Block Grant			
#B-10 MC-40-0002	14.218	n/a	\$ 842,839
HOME Investment Partnership Program			
#M-09 MC-40-0204 Home 09 (1)	14.239	n/a	31,825
#M-10 MC-40-0204 Home 10 (1)	14.239	n/a	158,742
#M-11 MC-40-0204 Home 11 (1)	14.239	n/a	170,000
			<u>360,567</u>
Pass-Through Oklahoma State Department of Commerce:			
Emergency Shelter 11	14.231	14805 ESG 11	17,449
Emergency Shelter 11	14.231	14806 ESG 11	45,999
Emergency Shelter 11	14.231	14866 ESG 11	19,371
Homelessness Prevention and Rapid Re-housing Program	14.257	13986 SHPRP	187,327
Total U.S. Department of HUD			<u>1,473,552</u>
U.S. Department of Energy			
Direct Program:			
Energy Efficiency and Conservation Block Grant	81.128	DE-SC0001368	395,492
Pass-Through Oklahoma Department of Commerce			
State Energy Grant - CNG Fast Fill Station	81.041	14220 SSEP 09	1,011,231
U.S. Department of Interior			
Pass-Through Oklahoma State Historic Preservation Office			
Certified Local Government	15.904	10-612	7,900
Certified Local Government	15.904	11-612	15,022
			<u>22,922</u>
U.S. Department of Justice			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-1396	7,809
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-1234	2,199
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-2941	17,188
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-0453	20,375
Bullet Proof Vest	16.607	n/a	9,927
			<u>57,498</u>
U.S. Department of Homeland Security			
Pass-Through Oklahoma State Office of Homeland Security			
Citizen CORPS	97.053	130.005	32
Citizen CORPS	97.053	130.011	600
Citizen CORPS	97.053	148.010	13,773
Law Enforcement Terrorism Prevention Program	97.074	102.007	14,934
Law Enforcement Terrorism Prevention Program	97.074	240.014	36,758
Firefighter Assistance	97.044	EMW-2010-FO-07255	28,911
Urban Area Security Initiative	97.008	131.029	237,239
Urban Area Security Initiative	97.008	150.018	2,975
Urban Area Security Initiative	97.008	150.105	19,598
			<u>354,821</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Thru Grantors Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through National Association of County & City Health Officials ("NACCHO")			
Medical Reserve Corps	93.008	MRC 11 333	627
Medical Reserve Corps	93.008	MRC 12 333	3,454
			<u>4,081</u>
U.S. Department of Transportation			
Pass-Through Oklahoma State Highway Safety Office			
DRE Training	20.600	AL-11-02-03-11	3,864
DRE Training	20.600	AL-12-02-03-12	18,133
Traffic and Alcohol Enforcement	20.600	OP-11-03-10-03	13,140
Traffic and Alcohol Enforcement	20.600	OP-12-03-04-04	26,992
Traffic and Alcohol Enforcement	20.600	K8-12-03-28-04	34,711
Traffic and Alcohol Enforcement	20.600	CE-12-03-21-04	6,806
			<u>103,647</u>
Pass-Through State Dept. of Transportation			
Highway Tree Program - Castlerock Park	20.205	SAFETEALU-11-07	24,812
SAFETEALU - Legacy Trail South Extention	20.205	STP-114E(199)EH	3,280
Safe Routes to School	20.205	SRS-155F(709)(710)	198,855
Safe Routes to School	20.205	SRS-114D(294)(295)ST	4,685
			<u>231,631</u>
Pass-Through Association of Central Oklahoma Governments			
Public Fleet Conversion Grant	20.205	2010-R2-APR29	177,197
Public Fleet Conversion Grant	20.205	2012-R1-NORMAN	84,478
Congestion Mitigation & Air Quality - CNG Slow Fill Station	20.205	2010-R7-1109-03	100,261
Unified Planning Work Program - Traffic Counts	20.205	J/P 11767(26)	8,000
			<u>369,936</u>
Environmental Protection Agency			
Pass-Through Oklahoma Water Resources Board			
Safe Drinking Water State Revolving Fund	66.468	ORF-09-0021-DW	1,017,916
Clean Water State Revolving Fund	66.458	ORF-09-0017-CW	1,325,557
			<u>2,343,472</u>
Pass-Through Oklahoma Conservation Commission			
Wetlands Program Development Grant	66.461	CD 966400-01-0	6,537
			<u>6,537</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,374,821</u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

NOTE A--BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of the City of Norman, Oklahoma (the "City"), and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B--LOANS

The City has received loans in prior years through the Oklahoma Water Resources Board ("OWRB") that were presented as federal awards in the year the funds were received. At June 30, 2012, the outstanding balance of these loans was \$17,928,517, however, the amount not received in the current year are not presented as federal awards as the only continuing compliance requirement is to repay the loans. During the year ended June 30, 2012, the City received \$2,343,472 in additional loans through the OWRB which are presented as federal awards in the Schedule.

NOTE C--SUBRECIPIENTS

Of the Federal expenditures presented in the Schedule, the City provided \$7,427 in federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
HOME Investment Partnership Program	14.239
ARRA - Homelessness Prevention and Rapid Rehousing Program	14.257
ARRA - Energy Efficiency and Conservation Block Grant	81.128
ARRA - State Energy Program	81.041

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None to report for the June 30, 2012 period.

Section III--Finding Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2012 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2012

No matters are reportable.