

# **City of Norman, Oklahoma**

Single Audit Reports

June 30, 2018





# City of Norman, Oklahoma

June 30, 2018

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**City of Norman, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

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
<b>Research &amp; Development</b>					
<i>U.S. Department of the Interior</i>					
Water Desalination Research and Development	15.506	None	R16AP00028	\$ -	\$ 45,695
<b>Total Research &amp; Development</b>				-	<b>45,695</b>
<b>U.S. Department of Housing and Urban Development</b>					
<i>CDBG – Entitlement Cluster</i>					
Community Development Block Grants/ Entitlement Grants	14.218	None	B-14 MC-40-0002	-	182,298
		None	B-16 MC-40-0002	-	146,298
		None	B-17 MC-40-0002	-	459,171
<i>Total CDBG – Entitlement Cluster</i>				-	<i>787,767</i>
Oklahoma State Department of Commerce/ Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16604 CDBG-DR 13 16570 CDBG-DR 13 16912 CDBG-DR 13	None None None	- - -	3,845,233 2,512,841 33,450
<i>Total CFDA 14.228</i>				-	<i>6,391,524</i>
HOME Investment Partnerships Program	14.239	None	M-14 MC-40-0204	-	25,136
		None	M-15 MC-40-0204	-	134,696
		None	M-16 MC-40-0204	-	12,373
		None	M-17 MC-40-0204	-	24,971
<i>Total CFDA 14.239</i>				-	<i>197,176</i>
Continuum of Care (CoC) Program	14.267	None	OK0133L61041600	-	12,015
<b>Total U.S. Department of Housing and Urban Development</b>				-	<b>7,388,482</b>
<b>U.S. Department of Interior</b>					
Oklahoma State Historic Preservation Office/ Historic Preservation Fund	15.904	17-612	None	-	11,249
<b>Total U.S. Department of Interior</b>				-	<b>11,249</b>
<b>U.S. Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grants Program	16.738	None	2016-DJ-BX-0676	-	594
Equitable Sharing Program	16.922	None	Unknown	-	494
<b>Total U.S. Department of Justice</b>				-	<b>1,088</b>

**City of Norman, Oklahoma**  
**Schedule of Expenditures of Federal Awards, continued**  
**Year Ended June 30, 2018**

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
<b>U.S. Department of Transportation</b>					
<i>Highway Planning and Construction Cluster</i>					
Oklahoma Department of Transportation/ Highway Planning and Construction	20.205	J/P 11767(32)	None	\$ -	\$ 10,400
Oklahoma Department of Transportation/ Recreational Trails Program	20.219	NRT-2015(100)	None	-	160,000
<i>Total Highway Planning and Construction Cluster</i>				-	170,400
<i>Highway Safety Cluster</i>					
Oklahoma State Highway Safety Office/ State and Community Highway Safety	20.600	PT-18-03-16-0	None	-	45,681
		AL-17-02-01-17	None	-	18,781
		AL-17-03-08-09	None	-	11,579
		AL-18-02-01-18	None	-	23,358
				-	99,399
Oklahoma State Highway Safety Office/ National Priority Safety Programs	20.616	M5OT-17-03-02-01P	None	-	8,800
		F5OT-18-03-01-02N	None	-	3,248
				-	12,048
<i>Total Highway Safety Cluster</i>				-	111,447
<b>Total U.S. Department of Transportation</b>				-	<b>281,847</b>
<b>Environmental Protection Agency</b>					
<i>Clean Water State Revolving Funds Cluster</i>					
Oklahoma Water Resources Board/Capitalization	66.458	ORF-14-0005-CW	None	-	4,305,034
Grants for Clean Water State Revolving Funds		ORF-17-0016-CW	None	-	110,618
<i>Total Clean Water State Revolving Funds Cluster</i>				-	4,415,652
<b>Total Environmental Protection Agency</b>				-	<b>4,415,652</b>
<b>U.S. Department of Homeland Security</b>					
Oklahoma Department of Civil Emergency Management/ Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4222 DR OK	None	-	448,792
Oklahoma State Office of Homeland Security/ Hazard Mitigation Grant Program (HMGP)	97.039	FEMA-4117 DR OK 23	None	-	36,073
Oklahoma State Office of Homeland Security/ Homeland Security Grant Program	97.067	780.503	None	-	2,080
		860.15	None	-	23,450
<i>Total CFDA 97.067</i>				-	25,530
<b>Total U.S. Department of Homeland Security</b>				-	<b>510,395</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>\$ 12,654,408</b>

**City of Norman, Oklahoma**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

**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, 2018. 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.

**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**

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, 2018, 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 7, 2018, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principle.

***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) 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 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.

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 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 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*.

### ***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 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.

*BKD, LLP*

Oklahoma City, Oklahoma  
December 7, 2018



**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, 2018. 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 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 the 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 the 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, 2018.

### **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 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, 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.

### **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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 7, 2018, which contained an unmodified opinion and an *Emphasis of Matter* paragraph regarding a change in accounting principle. 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

Honorable Mayor and City Council  
City of Norman, Oklahoma

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 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 7, 2018

**City of Norman, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

**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
Oklahoma State Department of Commerce/Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228

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, 2018**

**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, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.