

# **City of Norman, Oklahoma**

Single Audit Reports

June 30, 2014



# City of Norman, Oklahoma

June 30, 2014

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**City of Norman, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Housing and Urban Development</b>				
<i>CDBG – Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	B-12-MC-40-0002	\$ 610,188
<i>Total CDBG – Entitlement Grants Cluster</i>				<b>610,188</b>
Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development/Oklahoma State Department of Commerce	14.231	15189 ESG2 11	8,481
			15380 ESG 12	62,215
			15381 ESG 12	28,467
			15382 ESG 12	65,727
			15383 ESG 12	40,443
			15384 ESG 12	72,107
				<b>277,440</b>
HOME Investment Partnership Program	U.S. Department of Housing and Urban Development	14.239	M09MC400204	23,726
			M10MC400204	50,000
			M11MC400204	123,126
			M12MC400204	253,576
			M13MC400204	234,852
				<b>685,280</b>
<b>Total U.S. Department of Housing and Urban Development</b>				<b>1,572,908</b>
<b>U.S. Department of Interior</b>				
Historic Preservation Fund	U.S. Department of Interior/Oklahoma State Historic Preservation Office	15.904	12-612	8,800
			13-612	6,200
<b>Total U.S. Department of Interior</b>				<b>15,000</b>
<b>U.S. Department of Justice</b>				
<i>JAG Program Cluster</i>				
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice	16.738	2010-DJ-BX-1234	67
			2012-DJ-BX-0165	6,744
			2013-DJ-BX-0248	10,074
<i>Total JAG Program Cluster</i>				<b>16,885</b>
<b>Total U.S. Department of Justice</b>				<b>16,885</b>

**City of Norman, Oklahoma**  
**Schedule of Expenditures of Federal Awards, continued**  
**Year Ended June 30, 2014**

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Transportation</b>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	U.S. Department of Transportation/ Oklahoma Department of Transportation	20.205	STP-E(199)EH	\$ 250,176
Highway Planning and Construction	U.S. Department of Transportation/ Association of Central Oklahoma Governments	20.205	J/P 11767(28)	10,000
Recreational Trails Program	U.S. Department of Transportation/ Oklahoma Tourism and Recreation Department	20.219	NRT-2011 (100)	115,033
<i>Total Highway Planning and Construction Cluster</i>				<u>375,209</u>
<i>Highway Safety Cluster</i>				
State and Community Highway Safety DRE Training	U.S. Department of Transportation/ Oklahoma State Highway Safety Office	20.600	AL-13-02-03-13 AL-14-02-01-14 K8-13-03-20-05 OP-13-03-03-05 PT-14-03-10-06	7,657 15,381 8,426 8,116 15,500
<i>Total Highway Safety Cluster</i>				<u>55,080</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	U.S. Department of Transportation/ Oklahoma State Highway Safety Office	20.608	164AL-14-03-02-06	27,812
National Priority Safety Programs	U.S. Department of Transportation/ Oklahoma State Highway Safety Office	20.616	M5TR-14-02-03-14 M2HVE-14-03-04-06	28,537 10,514 <u>39,051</u>
<b>Total U.S. Department of Transportation</b>				<u><b>497,152</b></u>
<b>U.S. Department of Health and Human Services</b>				
Medical Reserve Corps Small Grant Program	U.S. Department of Health and Human Services/National Association of County & City Health Officials	93.008	MRC 11 333 MRC 14 333	397 1,158
<b>Total U.S. Department of Health and Human Services</b>				<u><b>1,555</b></u>

**City of Norman, Oklahoma**  
**Schedule of Expenditures of Federal Awards, continued**  
**Year Ended June 30, 2014**

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Homeland Security</b>				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	U.S. Department of Homeland Security/Oklahoma Department of Civil Emergency Management	97.036	FEMA 4117 DR OK	\$ 207,612
Fire Management Assistance Grant	U.S. Department of Homeland Security/Oklahoma Department of Civil Emergency Management	97.046	FM-2999-OK	153,520
Citizens-Community Resilience Innovation Challenge	U.S. Department of Homeland Security/ Oklahoma Office of Homeland Security	97.053	280.541 380.521	22,989 35,584 <u>58,573</u>
Law Enforcement Protection Program	U.S. Department of Homeland Security/ Oklahoma Office of Homeland Security	97.074	340.014 440.014 540.014	53,037 9,000 7,236 <u>69,273</u>
<b>Total U.S. Department of Homeland Security</b>				<b>488,978</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 2,592,478</b>

**Notes to Schedule**

1. This schedule includes the federal awards activity of the City of Norman, Oklahoma, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (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.
2. Of the federal expenditures presented in this schedule, the City of Norman, Oklahoma, provided no federal awards to subrecipients.
3. For the year ended June 30, 2014, expenditures awarded from the Federal Emergency Management Agency (FEMA) under CFDA Number 97.036 must be presented on the schedule of expenditures of federal awards (SEFA) when: 1) FEMA has approved the City's Project Worksheet (PW) and 2) the City has incurred the eligible expenditures. Federal awards expended in years subsequent to the fiscal year in which the PW is approved are to be recorded on the City's SEFA in those subsequent years.

For the year ended June 30, 2013, approximately \$300,000 of eligible expenditures were presented in that fiscal year's SEFA but the PW was not approved until the fiscal year ended June 30, 2014. Those expenditures were not reported again in the current year SEFA as they were audited as a major program in the previous year. Except for the amounts previously reported as included above, the eligible expenditures reported on the SEFA for the year ended June 30, 2014, are reported in accordance with the new guidance described in the paragraph above.

**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 basic financial statements of the City of Norman, Oklahoma (the City), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated December 3, 2014.

***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, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. 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 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 3, 2014.

### ***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 3, 2014

**Independent Auditor's 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 OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Norman, Oklahoma (the City) 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 its major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 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'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 each 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 Each 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 each of its major federal programs for the year ended June 30, 2014.

### **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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'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. 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 OMB Circular A-133. 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 OMB Circular A-133**

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 Norman, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed 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 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 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 3, 2014

# City of Norman, Oklahoma

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2014

#### **Summary of Auditor's Results**

1. The opinions expressed in the independent auditor's report were:  
☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:  
 Significant deficiency(ies)?    ☐ Yes    ☒ None reported  
 Material weakness(es)?    ☐ Yes    ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit?    ☐ Yes    ☒ No
4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:  
 Significant deficiency(ies)?    ☐ Yes    ☒ None reported  
 Material weakness(es)?    ☐ Yes    ☒ No
5. The opinions expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on major federal awards were:  
☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimer
6. The audit disclosed findings required to be reported by OMB Circular A-133?    ☐ Yes    ☒ No
7. The City's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnership Program	14.239
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction Program	20.205
Recreational Trails Program	20.219

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?    ☒ Yes    ☐ No

**City of Norman, Oklahoma**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2014**

**Findings Required to be Reported by *Government Auditing Standards***

No matters are reportable.

**Findings Required to be Reported by OMB Circular A-133**

No matters are reportable.

**City of Norman, Oklahoma**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2014**

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