

City of Norman, Oklahoma

Single Audit Reports

June 30, 2020

City of Norman, Oklahoma

June 30, 2020

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City of Norman, Oklahoma

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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 Housing and Urban Development					
<i>CDBG – Entitlement Cluster</i>					
Community Development Block Grants/Entitlement Grants	14.218	None	#B-15 MC-40-0002	\$ -	\$ 10,421
Community Development Block Grants/Entitlement Grants		None	#B-16 MC-40-0002	-	40,119
Community Development Block Grants/Entitlement Grants		None	#B-17 MC-40-0002	-	49,960
Community Development Block Grants/Entitlement Grants		None	#B-18 MC-40-0002	-	27,682
Community Development Block Grants/Entitlement Grants		None	#B-19 MC-40-0002	-	471,249
COVID-19 – Entitlement Grants		None	#B-20 MW-40-0002 (CARES)	-	4,015
<i>Total CDBG – Entitlement Cluster</i>				-	<u>603,446</u>
HOME Investment Partnerships Program	14.239	None	#M-15 MC-40-0204	-	4,456
		None	#M-16 MC-40-0204	-	6,726
		None	#M-17 MC-40-0204	-	4,887
		None	#M-19 MC-40-0204	-	44,672
<i>Total CFDA 14.239</i>				-	<u>60,741</u>
Continuum of Care (CoC) Program	14.267	None	OK0148L6I041800	-	12,088
Total U.S. Department of Housing and Urban Development				-	<u>676,275</u>
U.S. Department of Interior					
Oklahoma State Historic Preservation Office/ Historic Preservation Fund Grants-In-Aid	15.904	16-612	None	-	16,009
Total U.S. Department of Interior				-	<u>16,009</u>
U.S. Department of Justice					
Oklahoma District Attorneys Office Crime Victim Compensation	16.576	2018-VOCA-NORMAN-CI-031	None	-	10,267
Crime Victim Compensation		2019-VOCA-NORMAN-PD-252	None	-	5,668
<i>Total CFDA 16.576</i>				-	<u>15,935</u>
Coronavirus Emergency Supplemental Funding Program	16.034		2020-VD-BX-0127	-	8,568
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	None	2018-DJ-BX-0698	-	37
		None	2018-DJ-BX-0698	-	10,577
		None	2019-DJ-BX-0786	-	16,523
<i>Total CFDA 16.738</i>				-	<u>27,137</u>
Equitable Sharing Program	16.922	None	N/A	-	27,843
Total U.S. Department of Justice				-	<u>79,483</u>
U.S. Department of Transportation					
<i>Highway Planning and Construction Cluster</i>					
Association of Central Oklahoma Governments/ Highway Planning and Construction	20.205	J/P 11767(34)	None	-	10,400
<i>Total Highway Planning and Construction Cluster</i>				-	<u>10,400</u>
<i>Highway Safety Cluster</i>					
Oklahoma State Highway Safety Office/ State and Community Highway Safety	20.600	PT-19-03-15-11	None	-	22,731
		PT-20-03-06-12	None	-	32,128
<i>Total CFDA 20.600</i>				-	<u>54,859</u>
Oklahoma State Highway Safety Office/ National Priority Safety Programs	20.616	M50T-19-03-01-03K	None	-	2,109
<i>Total Highway Safety Cluster</i>				-	<u>56,968</u>
<i>Federal Transit Cluster</i>					
Federal Transit – Formula Grants	20.507		OK-2020-005-00	-	2,008,340
<i>Total Federal Transit Cluster</i>				-	<u>2,008,340</u>
Total U.S. Department of Transportation				-	<u>2,075,708</u>

The accompanying notes are an integral part of this Schedule.

City of Norman, Oklahoma
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2020

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
Environmental Protection Agency					
<i>Drinking Water State Revolving Funds Cluster</i>					
Oklahoma Water Resources Board/Capitalization Grants for Drinking Water State Revolving Fund	66.468	ORF-17-0005-DW	None	\$ -	\$ 3,239,898
Total Environmental Protection Agency				-	3,239,898
U.S. Department of Homeland Security					
Oklahoma Office of Homeland Security/ Urban Area Security Initiative	97.073	930.051	None	-	15,880
Total U.S. Department of Homeland Security				-	15,880
U.S. Department of Treasury					
Oklahoma Office of Management & Enterprise Services COVID-19 – Coronavirus Relief Fund	21.019	SA-0095	None	-	756,833
Total U.S. Department of Treasury				-	756,833
U.S. Department of Health and Human Services					
National Association of County and City Health Officials/ Medical Reserve Corps Small Grant Program	93.008	MRC 20-0333	None	-	2,366
Total U.S. Department of Health and Human Services				-	2,366
Total Expenditures of Federal Awards				\$ -	\$ 6,862,452

City of Norman, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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, 2020. 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 the cost principles contained in the Uniform Guidance or other regulatory requirements, 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, 2020, 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, 2020.

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 opinion 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 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*.

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, 2020

**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

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

Report on Compliance for Each 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 each of the City's major federal programs for the year ended June 30, 2020. 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 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 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 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 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 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 programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

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 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Honorable Mayor and City Council
City of Norman, Oklahoma

The City's response to the internal control over compliance finding identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

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, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, 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, 2020, 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
July 7, 2021

City of Norman, Oklahoma

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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 programs were:

Cluster/Program	CFDA Number
COVID-19 – Coronavirus Relief Fund	21.019
Federal Transit Cluster	20.507

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, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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2020-001 Federal Program – Federal Transit Cluster: Federal Transit – Formula Grants CFDA #20.507

Criteria or Specific Requirement – Cash Management – 2 CFR §215.22

Condition – The City drew grant funds in excess of immediate cash needs.

Questioned Costs – N/A

Context – Out of a population of four grant draws, one draw was selected for testing. For that draw, there were funds that exceeded the immediate cash need. Our sample was not, and was not intended to be, statistically valid.

Effect – The City did not minimize the time elapsing from the time the federal funds were drawn to the time they were expended.

Cause – The City did not have a good control process in place to monitor grant disbursements and ensure that grant funds were not drawn in excess of immediate cash needs.

Identification as a Repeat Finding, if Applicable – N/A

Recommendation – The City should implement controls specific to the grant draw process to ensure that grant project funds are reconciled and are not drawn prior to incurring or paying the expenditures.

Views of Responsible Officials and Planned Corrective Actions – City staff, in the roles of both preparation and review, will ensure that in the process of developing future grant drawdowns, funds are allocated appropriately and accurately.

City of Norman, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Reference Number	Summary of Finding	Status
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No matters are reportable.