

# **The City of Oklahoma City, Oklahoma**

Single Audit Reports

Year Ended June 30, 2014





**The City of Oklahoma City, Oklahoma**  
**Year Ended June 30, 2014**

**Contents**

<b>Schedule of Expenditures of Federal and State Awards.....</b>	<b>1</b>
<b>Notes to Schedule of Expenditures of Federal and State Awards.....</b>	<b>6</b>
<b>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 <i>Government Auditing Standards</i>.....</b>	<b>9</b>
<b>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 and State Awards Required by OMB Circular A-133 .....</b>	<b>11</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>14</b>
<b>Summary Schedule of Prior Audit Findings.....</b>	<b>27</b>

**The City of Oklahoma City, Oklahoma**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Direct Programs			
Emergency Watershed Protection Program	10.923	69-33A7-13-13	\$ 91,340
<b>Total U.S. Department of Agriculture</b>			<b>91,340</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>CDBG – Entitlement Grants Cluster</i>			
Direct Programs			
Community Development Block Grant/Entitlement Grant	14.218	B-10-MC-40-0003 CDBG	12
Community Development Block Grant/Entitlement Grant	14.218	CDBG-CPD-FY11	130,954
Community Development Block Grant/Entitlement Grant	14.218	B-12-MC-40-0003 CDBG	1,158,697
Community Development Block Grant/Entitlement Grant	14.218	B-13-MC-40-0003 CDBG	1,824,541
<b>Total CDBG – Entitlement Grants Cluster</b>			<b>3,114,204</b>
<i>CDBG – State-Administered CDBG Cluster</i>			
Pass-Through Oklahoma Department of Commerce			
Community Development Block Grants/State’s Program	14.228	14003 NSP 08	2,802
Community Development Block Grants/State’s Program	14.228	13555 NSP 08	663,739
Community Development Block Grants/State’s Program	14.228	14526 NSP 11	291,799
<b>Total CDBG – State-Administered CDBG Cluster</b>			<b>958,340</b>
Direct Programs			
Emergency Shelter Grants Program	14.231	E-12-MC-40-0002 ESG	29,836
Emergency Shelter Grants Program	14.231	ESG S-13-MC-40-0203	294,000
<b>Total Emergency Shelter Grants Program</b>			<b>323,836</b>
Direct Programs			
Supportive Housing Program	14.235	OK0022B6I021104	1,738
Supportive Housing Program	14.235	OK0061B6I021102	5,860
Supportive Housing Program	14.235	OK0068B6I021000	19,463
Supportive Housing Program	14.235	OK0067B6I021000	21,954
Supportive Housing Program	14.235	OK0079B6I021100	26,941
Supportive Housing Program	14.235	OK0068L6I021201	30,328
Supportive Housing Program	14.235	OK020B6I021102	32,876
Supportive Housing Program	14.235	OK0061L6I021203	43,586
Supportive Housing Program	14.235	OK0026B6I021102	50,217
Supportive Housing Program	14.235	OK0022L6I021205	51,260
Supportive Housing Program	14.235	OK0063L6I021203	55,312
Supportive Housing Program	14.235	OK0067L6I021201	56,713
Supportive Housing Program	14.235	OK0079L6I021201	64,520
Supportive Housing Program	14.235	OK0078B6I021100	66,922
Supportive Housing Program	14.235	OK0045L6I021204	70,391
Supportive Housing Program	14.235	OK0026L6I021204	80,379
Supportive Housing Program	14.235	OK0020L6I021203	113,774
Supportive Housing Program	14.235	OK0053B6I021101	121,054
Supportive Housing Program	14.235	OK-502-REN-Permanent Supportive	132,193
Supportive Housing Program	14.235	OK005L6I012102 Hope	144,683
Supportive Housing Program	14.235	OK0019B6I021102	152,794
Supportive Housing Program	14.235	OK004B6I021103	162,425
Supportive Housing Program	14.235	OK0019L6I021203	192,286
Supportive Housing Program	14.235	OK0062L6I021203	197,538
Supportive Housing Program	14.235	OK-0052B6I020900	245,345
Supportive Housing Program	14.235	OK0027L6I021204	301,389
<b>Total Supportive Housing Program</b>			<b>2,441,941</b>

**The City of Oklahoma City, Oklahoma**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Expenditures
Direct Programs			
Shelter Plus Care	14.238	OK0025C6I021104	\$ 4,182
Shelter Plus Care	14.238	OK0025L6I021205	14,050
Shelter Plus Care	14.238	OK0054C6I020900	57,770
Shelter Plus Care	14.238	OK0024L6I021205 Hope	300,401
<i>Total Shelter Plus Care</i>			<u>376,403</u>
Direct Programs			
HOME Investment Partnerships Act Program	14.239	M-09-MC-40-0203	196,166
HOME Investment Partnerships Act Program	14.239	M-12-MC-40-0203 HOME	197,917
HOME Investment Partnerships Act Program	14.239	M-13-MC-40-0203	228,126
HOME Investment Partnerships Act Program	14.239	M-10-MC-40-0203	535,471
HOME Investment Partnerships Act Program	14.239	M-11-MC-40-0203	880,620
<i>Total HOME Investment Partnerships Act Program</i>			<u>2,038,300</u>
Direct Programs			
Housing Opportunities for Persons with AIDS	14.241	OKH14-F001	(16)
Housing Opportunities for Persons with AIDS	14.241	OK-H11-F001	30,376
Housing Opportunities for Persons with AIDS	14.241	OKH-13-F001 HOWPA	39,462
Housing Opportunities for Persons with AIDS	14.241	OK-H12-F001	318,985
<i>Total Housing Opportunities for Persons with AIDS</i>			<u>388,807</u>
Direct Program			
Community Planning & Development	14.246	B-98-ED-40-0006	490,248
Pass-Through Oklahoma Department of Energy			
Community Challenge Planning Grants	14.704	CCPOK-0020-10	146,171
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>10,278,250</b></u>
<b>U.S. Department of the Interior</b>			
Pass-Through Oklahoma Historical Society			
Historic Preservation Fund Grants-In-Aid	15.904	12-607	6,823
Historic Preservation Fund Grants-In-Aid	15.904	13-607	17,514
<b>Total U.S. Department of the Interior</b>			<u><b>24,337</b></u>
<b>U.S. Department of Justice</b>			
Crime Victim Assistance	16.575	2013-VA-GX-VOCA-OPPC-207	26,417
<i>JAG Program Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0819	267
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-1120	154,443
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1090	255,955
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3149	286,803
<i>Total JAG Program Cluster</i>			<u>697,468</u>
Direct Programs			
DNA Backlog Reduction Program	16.741	2011-DN-BX-K405	45,000
DNA Backlog Reduction Program	16.741	2013-DN-BX-0055	48,146
DNA Backlog Reduction Program	16.741	2012-DN-BX-0026	69,409
<i>Total DNA Backlog Reduction Program</i>			<u>162,555</u>
Equitable Sharing Program	16.922		171,791
<b>Total U.S. Department of Justice</b>			<u><b>1,058,231</b></u>

**The City of Oklahoma City, Oklahoma**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Expenditures
<b>U.S. Department of Transportation</b>			
Direct Programs			
Airport Improvement Program	20.106	AIP3-40-0072-063-2012	\$ 371
Airport Improvement Program	20.106	AIP3-40-0072-059-2010	8,172
Airport Improvement Program	20.106	AIP3-40-0071-011-2012	251,929
Airport Improvement Program	20.106	AIP3-40-0072-062-2012	597,899
<i>Total Airport Improvement Program</i>			<u>858,371</u>
<i>Highway Planning and Construction Cluster</i>			
Pass-Through Association of Central Oklahoma Governments			
Highway Planning and Construction	20.205	2014 ACOG Traffic Mgmt	55,928
Highway Planning and Construction	20.205	2013-R1-Oklahoma City	120,296
Pass-Through Oklahoma Department of Transportation			
Highway Planning and Construction	20.205	24563(04) STP-155E(623)EH	(20,000)
Highway Planning and Construction	20.205	26888 (04) STP-155E(745)EH	(238)
<i>Total Highway Planning and Construction Cluster</i>			<u>155,986</u>
<i>Federal Transit Cluster</i>			
Direct Programs			
Federal Transit – Capital Assistance	20.500	OK-03-0029	10,538
Federal Transit – Capital Assistance	20.500	OK-03-0037	32,462
Federal Transit – Capital Assistance	20.500	OK-04-0015	320,563
Federal Transit – Capital Assistance	20.500	OK-04-0012	2,042,500
Federal Transit – Formula Grants	20.507	OK-90-X073	15,619
Federal Transit – Formula Grants	20.507	OK-90-X107	15,857
Federal Transit – Formula Grants	20.507	OK-90-X094	34,777
Federal Transit – Formula Grants	20.507	OK-90-X085	45,540
Federal Transit – Formula Grants	20.507	OK-95-X007	85,056
Federal Transit – Formula Grants	20.507	OK-90-X102	183,645
Federal Transit – Formula Grants	20.507	OK-90-X098	199,983
Federal Transit – Formula Grants	20.507	OK-90-X071	227,619
Federal Transit – Formula Grants	20.507	OK-90-X067	785
ARRA – Federal Transit – Formula Grants	20.507	OK-96-X004	960,667
Federal Transit – Formula Grants	20.507	OK-90-X112	1,733,123
Federal Transit – Formula Grants	20.507	OK-90-X116	4,735,643
<i>Total Federal Transit Cluster</i>			<u>10,644,377</u>
<i>Transit Services Programs Cluster</i>			
Direct Programs			
Job Access – Reverse Commute	20.516	OK-37-X028	2,527
Job Access – Reverse Commute	20.516	OK-37-X036	9,460
Job Access – Reverse Commute	20.516	OK-37-X044	11,196
Job Access – Reverse Commute	20.516	OK-37-X048	420,039
New Freedom Program	20.521	OK-57-X010	2,749
New Freedom Program	20.521	OK-57-X015	18,001
New Freedom Program	20.521	OK-57-X021	20,901
New Freedom Program	20.521	OK-57-X017	39,721
New Freedom Program	20.521	OK-57-X006	72,967
New Freedom Program	20.521	OK-57-X025	202,573
<i>Total Transit Services Programs Cluster</i>			<u>800,134</u>
<i>Highway Safety Cluster</i>			
Direct Programs			
Alcohol-Impaired Driving Countermeasures Incentive Grants I	20.601	K813-03-21-09/OP-13-03-04-09/CE-13-03-23-	80,179
<i>Total Highway Safety Cluster</i>			<u>80,179</u>
Direct Programs			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	OHSO-2014-OCPD-00022	140,941
National Infrastructure Investments	20.933	OK-79-1000	321,905
<b>Total U.S. Department of Transportation</b>			<u><b>13,001,893</b></u>

**The City of Oklahoma City, Oklahoma**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Expenditures
<b>Environmental Protection Agency</b>			
Pass-Through Oklahoma Water Resource Board			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ORF-10-0010-DW	\$ 1,196,760
Direct Programs			
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F24401-0	17,313
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F71501-0	38,108
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F58701-0	45,378
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F71601-0	89,098
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96679701-0	1,078,670
<i>Total Brownsfield Assessment and Cleanup Cooperative Agreements</i>			<u>1,268,567</u>
<b>Total Environmental Protection Agency</b>			<u><b>2,465,327</b></u>
<b>U.S. Department of Energy</b>			
Pass-Through Oklahoma Department of Energy			
ARRA – State Energy Program	81.041	15837 SEECBG 09	39,720
<b>Total U.S. Department of Energy</b>			<u><b>39,720</b></u>
<b>National Archives and Records Administration</b>			
Direct Program			
National Historical Publications and Records Grant	89.003	2014 Preservation Assistance Grant	2,610
<b>Total National Archives and Records Administration</b>			<u><b>2,610</b></u>
<b>U.S. Department of Health and Human Services</b>			
<i>Aging Cluster</i>			
Pass-Through Oklahoma Department of Human Services			
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	34-0801-40	287,523
<i>Total Aging Cluster</i>			<u>287,523</u>
Pass-Through Oklahoma Department of Human Services			
Community Transformation Grants and National Dissemination	93.531	OCCHD 982-13	46,665
<b>Total U.S. Department of Health and Human Services</b>			<u><b>334,188</b></u>
<b>U.S. Department of Homeland Security</b>			
Pass-Through Oklahoma Office of Homeland Security			
Non-Profit Security Program	97.008	290.032	124,280
Non-Profit Security Program	97.008	290.062	141,309
<i>Total Non-Profit Security Program</i>			<u>265,589</u>
Pass-Through Oklahoma Department of Emergency Management			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC012E	(407,348)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	OKC007B	(206,538)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Risk Mgmt May 2013 disasters	(187,500)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Mutual Aid – OCSO	(58,806)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Fire Category E	(7,571)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	OKC 008B	(5,400)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC002B Animal Welfare	361
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Category C Projects	3,746
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC013B PubWrks	9,295
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	OKC2A87	13,301
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC005B	14,831
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC4117 PARKS CAT_G	16,672
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC4A82	17,002
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-OK-4117-PW-00680-OKC165E	17,678
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC003B	18,824
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4117 DR OK Category G PWs	19,311
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW OKC6A75	20,940

**The City of Oklahoma City, Oklahoma**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Expenditures
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-OK-4117-PW-00590(0)	\$ 107,738
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4117 Airports Cat E	125,491
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW OKC5A75	144,139
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4117-DR-OK Category D	158,901
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	OKC1A87	234,661
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4117 Category F	296,711
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PW-OKC3A82	2,112,991
<i>Total Disaster Grants – Public Assistance</i>			<u>2,459,430</u>
Pass-Through Oklahoma Department of Emergency Management Hazard Mitigation Grants	97.039	FEMA 4117 DR OK ISR	<u>524,261</u>
Direct Programs State Homeland Security Program (SHSP)	97.073	260.117	3,748
Pass-Through Oklahoma Office of Homeland Security State Homeland Security Program (SHSP)	97.073	240.012	20,397
State Homeland Security Program (SHSP)	97.073	440.012	52,385
State Homeland Security Program (SHSP)	97.073	340.012	137,184
<i>Total State Homeland Security Program</i>			<u>213,714</u>
Pass-Through Oklahoma Office of Homeland Security OTA – Checked Baggage Inspection System	97.118	HSTS04-10-H-CT1190	<u>2,976,044</u>
Direct Programs Law Enforcement Officer Reimbursement Agreement Program	97.090	HST0208HSLR333	<u>241,200</u>
Assistance to Firefighters Grant	97.044	EMW-2010-FH-01081	<u>4,535</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>6,684,773</b></u>
<b>Total Federal Assistance</b>			<u><b>33,980,669</b></u>
<u>Oklahoma Department of Corrections</u> FY2013 Second Chance Interlocal Cooperative Agreement		DOC – 2nd Chance 2	<u>145,222</u> <u>145,222</u>
<u>Oklahoma Office of Juvenile Affairs</u> FY2012 Contract for Community Intervention Center: an Interlocal Agreement <i>Total Disaster Grants – State Portion</i>		PO 4009018584	<u>245,087</u> <u>245,087</u>
<b>Total State Assistance</b>			<u><b>390,309</b></u>
<b>Total Federal and State Assistance</b>			<u><b>\$ 34,370,978</b></u>



**The City of Oklahoma City, Oklahoma**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

**Note 1: Basis of Presentation and Accounting Policies**

**General**

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state award programs of the City of Oklahoma City, Oklahoma (the City), for the year ended June 30, 2014. The City's reporting entity is described in *Note 1* in the City's Consolidated Annual Financial Report (CAFR). Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. Required matching contributions, program income (except certain revolving loan fund program expenditures), private grants and other nonfederal grants and awards are not included in the Schedule.

**Basis of Accounting**

The accompanying Schedule is presented using the following methods:

- a. For the City's governmental funds, expenditures of federal funds reported in this Schedule are reported on the modified accrual basis of accounting.
- b. For the Oklahoma City Airport Trust (OCAT), the Central Oklahoma Transportation and Parking Authority (COTPA) and the Oklahoma City Water Utilities Trust (OCWUT), expenditures of federal funds are reported using the cash basis of accounting.
- c. 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 \$3,582,265 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.

In addition, the accompanying Schedule reflects certain adjustments resulting from transfers of funds between grants and grant refunds. As a result, certain grants show negative expenditures.

**Note 2: Federal CFDA Numbers**

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

**The City of Oklahoma City, Oklahoma**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

**Note 3: Outstanding Loan Balance**

The City participates in the Community Development Block Grant Section 108 Loan Guarantee Program (CFDA No. 14.248). The activity of the City's Section 108 loans guaranteed by the U.S. Department of Housing and Urban Development is as follows:

Project	Balance, Beginning of Year	Increase During Year	Decrease During Year	Balance, End of Year
Micro-Enterprise and Small Business Loan Program	\$ 3,475,000	\$ -	\$ 150,000	\$ 3,325,000

The City also participates in the Environmental Protection Agency's (EPA) Brownsfield Assessment and Cleanup Cooperative Agreements (CFDA No. 66.818). The activity of the loans issued as part of that program is as follows:

Project	Balance, Beginning of Year	Increase During Year	Decrease During Year	Balance, End of Year
Dowell Properties	\$ 1,067,245	\$ -	\$ 124,345	\$ 942,900
Dowell Properties – ARRA	429,440	-	-	429,440
Shepherd Manor	50,000	-	-	50,000
	<u>\$ 1,546,685</u>	<u>\$ -</u>	<u>\$ 124,345</u>	<u>\$ 1,422,340</u>

**Note 4: Subrecipients**

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grant	\$ 1,666,762
14.231	Emergency Shelter Grants Program	296,300
14.235	Supportive Housing Program	2,375,208
14.238	Shelter Plus Care	362,182
14.241	Housing Opportunities for Persons with AIDS	373,759
16.738	Edward Byrne Memorial Justice Assistance Grant Program	205,270
	Total federal awards provided to subrecipients	<u>\$ 5,279,481</u>

**The City of Oklahoma City, Oklahoma**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

**Note 5: Capitalization Grants for Drinking Water State Revolving Funds,  
CFDA 66.468**

Expenditures presented in the accompanying schedules of expenditures of federal and state awards received from the Oklahoma Water Resources Board, totaling \$1,196,760, were awarded and expended during the year ended June 30, 2013. The amounts, if included on the prior year SEFA, would have had no effect on the major program determination in that year. However, for the year ended June 30, 2014, the program was audited as a major program.

**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***

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

We have audited the accompanying 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 Oklahoma City, Oklahoma (the City), 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 listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds and the discretely presented component units presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund statements and schedules as of and for the year ended June 30, 2014, which collectively comprise the City's combining and individual fund statements and have issued our report thereon dated December 12, 2014, which contained a reference to the reports of other auditors and an explanatory paragraph disclosing that the prior year financial statements have been restated. 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. Other auditors audited the financial statements of The Combined Operations of The Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, as described in our report on the City's financial statements. The financial statements of The Combined Operations of The Cox Convention Center and the Chesapeake Energy Arena, included in the OCPPA General Purpose Fund, were not audited in accordance with *Government Auditing Standards*.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 14-01 through 14-08 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 14-09 and 14-10 to be significant deficiencies.

### ***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*.

### ***The City's Responses to the Findings***

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We also noted certain matters that we reported to the City's management in a separate letter dated December 12, 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 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 12, 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 and State Awards Required by OMB Circular A-133**

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

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

We have audited the compliance of the City of Oklahoma City, 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***

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management.

#### ***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 on the City's compliance.

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

### ***Opinion on Each Major Federal Program***

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

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

### ***Schedule of Expenditures of Federal and State Awards***

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 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 have also audited the financial statements of each of the City's nonmajor governmental, enterprise, internal service, fiduciary funds and the discretely presented component units of the City as of and for the year ended June 30, 2014. We issued our report on the above mentioned financial statements and schedules dated December 12, 2014, which contained an unmodified opinion on those financial statements, a reference to the report of other auditors and an explanatory paragraph disclosing that the prior year financial statements have been restated. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements and combining and individual fund statements and schedules. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**BKD, LLP**

Oklahoma City, Oklahoma  
December 12, 2014





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

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,170,071. This amount was determined using total federal expenditures on the schedule of expenditures of federal and state awards plus the beginning of year loan balances for CFDA programs 14.248 and 66.818 in *Note 3* of the Notes to Schedule of Expenditures of Federal and State Awards.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?  Yes  No

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

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

<b>Reference Number</b>	<b>Finding</b>
14-01	<p>Criteria or Specific Requirement – Management of Oklahoma City Industrial and Cultural Facilities Trust (OCICF) is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition – During 2014, OCICF determined accrued interest relating to the Journal Record Building loan should be recorded as the interest was not waived as previously thought by the Trust’s management. The decision resulted in the restatement of previously issued financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – A prior period adjustment was recognized to record the accrued costs and the accrued interest payable.</p> <p>Cause – The OCICF improperly concluded that the interest on the Journal Record Building loan from the City of Oklahoma City was being waived by the City of Oklahoma City.</p> <p>Recommendation – OCICF management should work with the counterparties to ensure that both parties have a common understanding of the formal agreements between the parties.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management agrees and has amended the financial statements to reflect the agreement. Future agreements will be reviewed by the chief financial officer for incorporation into the financial statement preparation process.</p>

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

Reference Number	Finding
14-02	<p>Criteria or Specific Requirement – Management of Oklahoma City Economic Development Trust (OCEDT) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – In February 2013, Devon Development agreed to make minimum annual ad valorem tax payments of \$11,300,000 to support the repayment of bonds issued by OCEDT in 2013. Devon Development further agreed that the entire Devon Development would go on the tax rolls on January 1, 2013. OCEDT did not initially record a receivable at June 30, 2013, for taxes receivable due to OCEDT and was, therefore, required to restate the 2013 trust-wide financial statements to correct for this error. In addition, in June 2010, OCEDT agreed to reimburse Horizon Group LP up to \$550,000 annually over a ten-year period for regional marketing expenses as long as expenses were offset by sales tax receipts. An audit adjustment of approximately \$302,000 was needed to record this estimated reimbursement for the period from February 2014 through June 2014.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – As indicated above, a prior period adjustment was recognized in the current period financial statements to recognize that a tax receivable should have been recorded at June 30, 2013, for the proportionate share of the 2013 minimum annual ad valorem tax payment from the Devon Development for the calendar year ended December 31, 2013. Also, a current year audit entry was required to correct the liability to the Horizon Group LP.</p> <p>Cause – The accountants for OCEDT did not understand the need to record the tax receivable at June 30, 2013, and the additional payable at June 30, 2014, and did not have access to the agreements indicating the need to record this receivable and payable.</p> <p>Recommendation – We recommend management thoroughly review bond offering documents and related documents referenced therein to determine proper accounting is being accorded to transactions identified in the bond offering documents. We also recommend management become familiar with the other agreements which require the reporting of payables or receivables at year-end, which may not be identified by reviewing subsequent receipts and disbursements.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with the finding. Since OCEDT has very unique and complex contract stipulations, finance will assist by reviewing all of their contracts and this will enable us to make sure that proper accounting is done in accordance with the provisions of the bond covenant or other agreements.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-03	<p>Criteria or Specific Requirement – Management of Oklahoma City Public Property Authority (OCPPA) is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition – OCPPA initially expensed a capital project related to the installation of a new elevator at the arena fairgrounds because the finance department had been informed that the new elevator had replaced an existing elevator. Upon further review by management at our request, it was determined the elevator was not a replacement of an existing elevator.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – The cost of the new elevator and associated administrative costs were capitalized on the OCPPA’s statement of net position at year-end, resulting in a material adjustment to the Authority’s financial statements.</p> <p>Cause – Certain controls in the transaction review process were not in place or did not operate effectively to identify and correct this error.</p> <p>Recommendation – We recommend significant transactions for noncapital construction be properly reviewed by the appropriate personnel to ensure the proper accounting is accorded to these transactions and agreements.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with the finding. Finance will work with project managers to review the proper accounting treatment for significant noncapital construction to prevent future occurrences.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-04	<p>Criteria or Specific Requirement – Management of OCPPA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the course of the audit, we identified the need to make certain adjustments to capital assets and related depreciation accounts.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatements in the financial statements resulting from errors that occurred and were not detected and/or corrected in a timely manner created the need to record an audit adjustment to correct the errors.</p> <p>Cause – Certain deficiencies in the overall review process of the financial statements were not in place to identify these errors timely.</p> <p>Recommendation – We recommend the finance department enhance their review of supporting documentation in an effort to limit errors in OCPPA’s financial statements. In addition, management should consider quarterly reviews of all construction projects to timely closeout projects and alleviate strains on the finance department at year-end.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with this finding. Existing assets policies and procedures will be updated to incorporate all phases of an asset’s life once it is entered into the system inclusive of an analysis of quarterly data so that construction projects can be closed out more timely.</p>

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

Reference Number	Finding
14-05	<p>Criteria or Specific Requirement – Management of Oklahoma City Municipal Facilities Authority (OCMFA) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the year, the City’s finance department identified that a receivable existed for nuisance abatement services that had not been reported in prior year’s financial statements. The City initially identified and recorded an adjustment to reflect this net receivable balance, but we noted the City had not taken into account payments received during the current year when creating the prior period adjustment. We also noted OCMFA’s allowance for uncollectible accounts for nuisance abatement receivables had not taken into account potential uncollectible accounts related to the last three years of nuisance abatement assessments.</p> <p>Context – Accurate financial information is critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – A prior period adjustment was recognized in the current period financial statements to recognize the nuisance abatement receivable from prior years and an audit adjustment was made to OCMFA’s initial prior period adjustment to account for payments received during the current year and provide an additional allowance for uncollectible accounts.</p> <p>Cause – The previous tracking system used for abatements did not have the capability to track open and unpaid abatements for financial reporting purposes. Also, OCMFA’s assumptions and methodology used to calculate the allowance for uncollectible accounts did not take into consideration the potential write-off related to uncollected assessments from the last three years.</p> <p>Recommendation – We recommend management annually review the information supporting the nuisance abatement receivable and the collection history for this receivable to ascertain if the receivable balance is properly reported and determine that the allowance for accounts receivable is sufficient to cover both old receivables and assessments during the last three years.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with this finding and the recommendation. Management will annually review the information supporting the nuisance abatement receivable as well as the collection history to determine the accuracy of the receivable and also review the allowance annually to make sure that it will cover old receivables and assessments during the last three years. Finance will also assist in future development of an interface of receivables to the general ledger.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-06	<p>Criteria or Specific Requirement – Management of OCMFA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the year, the City’s finance department identified certain pre-funded bond general obligation (GO) bond costs were not going to be reimbursed by the City’s GO Bond fund. The decision to not reimburse these costs was made prior to June 30, 2013, but the previously issued June 30, 2013, financial statements had not been adjusted for this matter. The City’s finance department also identified certain pre-funded GO bond costs were accrued as a receivable at June 30, 2013, in error. A prior period adjustment was required to correct this matter.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – A prior period adjustment was recognized in the current year financial statements to recognize the write-off of certain pre-funded GO bond costs.</p> <p>Cause – OCMFA had pre-funded certain GO bond costs in prior years and the GO Bond Committee made a decision not to pursue these projects during the 2013 fiscal year. Also, OCMFA was not performing a detail reconciliation by bond project to the associated liability from the GO Bond fund, resulting in certain projects being erroneously recognized as a receivable when they had been reimbursed by the GO Bond fund in prior years.</p> <p>Recommendation – The City’s finance department should perform a detail reconciliation of pre-funded GO bond costs by project at least quarterly to the associated liability by the GO Bond fund. The City’s finance department should also periodically review the GO Bond Committee minutes for the removal of bond projects and compare that listing to the detail listing of pre-funded GO Bond costs by OCMFA to identify potential projects that should be written off.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with this finding and will publish a list of outstanding unfunded projects quarterly and send out to responsible parties to identify the projects that should be written off.</p>



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

<b>Reference Number</b>	<b>Finding</b>
14-07	<p>Criteria or Specific Requirement – Management of OCMFA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the current year, the City’s finance department identified certain costs paid in relation to a new software system and software upgrade in prior years that had been expensed instead of being capitalized. During the course of our audit, we also identified a contract for software maintenance had been improperly expensed in the prior fiscal year instead of being recognized as a prepaid asset and amortized into expense during the current fiscal year.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position to interested parties.</p> <p>Effect – A prior period adjustment was recognized in the current year financial statements to recognize the costs related to the new software and software upgrade as a capital asset. A prior period adjustment was also recognized in the current year financial statements to recognize the software maintenance contract as a current year expense.</p> <p>Cause – The review process for distinguishing vouchers between capital outlay and noncapital expenditures failed to identify certain costs as capital outlay. Also, the review process for identifying the proper cut-off of expenditures at year-end failed to properly identify the software maintenance contract as an expense in 2014.</p> <p>Recommendation – We recommend management review their procedures for classifying expenditures between capital outlay and noncapital expenditures. We also recommend management review their policies for identifying proper cut-off of expenditures at year-end.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with this finding and the recommendation. Management will review both existing policy and procedures and amend it as needed and we will work directly with purchasing departments to ensure that a capitalized assets policy is understood and in place.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-08	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – While performing a search for unrecorded liabilities, we identified two invoices aggregating approximately \$318,000 for land fill expenses that were improperly excluded from the initial year-end accounts payable balance. An audit entry was proposed and recorded to report this liability at June 30, 2014.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner which resulted in a material adjustment to the current financial statements.</p> <p>Cause – The review process failed to identify the proper accrual of expenditures and posting of liabilities to the general ledger.</p> <p>Recommendation – We recommend management review their procedures for ensuring expenditures are recognized and posted in the proper period.</p> <p>View of Responsible Officials and Planned Corrective Actions – We agree. We will continue to train and develop our professional staff to perform reviews effectively.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-09	<p>Criteria or Specific Requirement – Management of the Oklahoma City Zoological Trust (OCZT) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During a portion of the year under audit, OCZT had segregation of duties lapses due to employee turnover in OCZT’s accounting department.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position to interested parties.</p> <p>Effect – The potential for undetected fraud, omission or errors increases significantly when financial data and general ledger entries are not being reviewed.</p> <p>Cause – OCZT had significant turnover in the accounting department during the year.</p> <p>Recommendation – We recommend management evaluate its review processes and implement adequate monitoring controls over financial reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. The Financial Assistant left and the position was vacant for a portion of fiscal year 2014. Recording of transactions and reconciliations were completed by the Accounting Manager and reviewed by the CFO during this period of time. The Finance Department was fully staffed in July of 2014.</p>

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

<b>Reference Number</b>	<b>Finding</b>
14-10	<p>Criteria or Specific Requirement – Management of Oklahoma City Water Utilities Trust (OCWUT) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the course of the audit, we identified certain adjustments related to the City’s and Oklahoma City Water Utilities Trust’s capital assets that were both made and not made because their aggregate effect is not currently material to the financial statements (passed adjustments).</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatements in the financial statements resulting from errors that occurred and were not detected and/or corrected in a timely manner created multiple audit adjustments that were not booked. The individual misstatements have been provided to the City’s finance department.</p> <p>Cause – Certain deficiencies in the overall review process of the financial statements were not in place to identify these errors timely.</p> <p>Recommendation – We recommend the City’s finance department enhance their review of supporting documentation in an effort to limit errors in OCWUT’s financial statements. In addition, management should consider quarterly reviews of all construction projects to more timely closeout projects and alleviate strains on the City’s finance department at year-end.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with this finding. Finance will provide a semiannual listing of construction projects to responsible parties and request updates on completed or closed projects.</p>

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

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

<b>Reference Number</b>	<b>Finding</b>	<b>Known Questioned Costs</b>
-----------------------------	----------------	---------------------------------------

---

No matters are reportable.

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

Reference Number	Finding	Status
13-10	<p>Community Development Block Grants/Entitlement Grants (CDBG Entitlement Grants Cluster) and Supportive Housing Program            CFDA Nos. 14.218 and 14.235            U.S. Department of Housing and Urban Development (HUD)            Reporting</p> <p>Criteria or Specific Requirement – Pursuant to the passage of the <i>Federal Funding Accountability and Transparency Act (FFATA)</i>, the City is required to submit an accurate FFATA sub-award report by the end of the month following the month in which the City awards any sub-grant in excess of \$25,000.</p> <p>Condition – The City did not timely file the FFATA sub-award reports for any of its applicable HUD programs for the fiscal year ending September 30, 2013.</p> <p>Context – The FFATA sub-award report is required to be submitted by the end of the month following the month in which the City awards any sub-grant in excess of \$25,000.</p> <p>Effect – The FFATA program reporting requirements were not followed in the manner required by federal regulations.</p> <p>Cause – The City did not have adequate internal controls or procedures in place to ensure the reports were filed accurately and timely when applicable.</p> <p>Recommendation – It is recommended the City ensure controls relating to the timely and accurate completion of the FFATA sub-report be included in the City’s grant compliance manual procedures and ensure future completion is within the specified timeline in the FFATA sub-award reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We have completed all required filings for FFATA sub-awards of applicable HUD programs and will implement controls to ensure all FFATA required filings are met timely in the future. We will add procedures to the City’s Grant Compliance Manual and a requirement for verification to central oversight responsibilities.</p>	Resolved