

The City of  
**Guthrie**

**SINGLE AUDIT REPORTS  
AND SUPPLEMENTARY SCHEDULES**

**SEPTEMBER 30, 2015**

**CITY OF GUTHRIE, OKLAHOMA**

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**INDEPENDENT AUDITOR'S 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**

To the Honorable Mayor and Members of the City Council  
City of Guthrie, Oklahoma

We have audited, in accordance with the 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 City of Guthrie, Oklahoma, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Guthrie, Oklahoma's basic financial statements, and have issued our report thereon dated June 30, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Guthrie, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Guthrie, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Guthrie, Oklahoma'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2015-01, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Guthrie, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The City's Response to Finding**

The City's response to the 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 the financial statements and, accordingly, we express no opinion on it.

**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.



Oklahoma City, Oklahoma  
June 30, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council  
City of Guthrie, Oklahoma

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

We have audited City of Guthrie, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Guthrie, Oklahoma's major federal programs for the year ended September 30, 2015. City of Guthrie, Oklahoma'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 City of Guthrie, Oklahoma'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 City of Guthrie, Oklahoma'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 City of Guthrie, Oklahoma's compliance.

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

In our opinion, City of Guthrie, 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 September 30, 2015.

**Report on Internal Control over Compliance**

Management of City of Guthrie, Oklahoma 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 City of Guthrie, Oklahoma'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 an 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 City of Guthrie, Oklahoma's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal*

*control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### **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, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our reports thereon dated June 30, 2016, 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 City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Oklahoma City, Oklahoma  
June 30, 2016

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
<b>FEDERAL ASSISTANCE:</b>				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-LLE-2014	10,000	10,000
Recovery Act - VOCA Crime Victim Assistance Discretionary Grant	16.807		42,318	3,389
Passed through Oklahoma State Bureau of Investigation:				
Bulletproof Vest Partnership Program	16.607	2013 BPV Grant	1,878	1,878
Total U.S. Department of Justice			54,196	15,267
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0036-013-2012	1,082,890	106,084
Passed through Oklahoma Department of Transportation:				
Safe Routes to Schools	20.205	SRS-142D(225)ST	200,000	155,030
Total U.S. Department of Transportation			1,282,890	261,114
<u>Institute of Museum &amp; Library Services:</u>				
Passed through Oklahoma Department of Libraries:				
STEM Grant	45.310		3,852	3,852
State Aid	45.310		18,747	18,747
Sub-total CFDA 45.310			22,599	22,599
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Assistance to Firefighters Grant	97.044		10,975	10,975
Flood Recovery Grant	97.036	FEMA-4222-DR-OK	10,649	10,649
Total U.S. Department of Homeland Security			21,624	21,624
<u>U.S. DEPARTMENT OF PROTECTION AGENCY:</u>				
Passed through Oklahoma Department of Environmental Quality:				
State Revolving Fund	66.468	2014 DWSRF ORF-13-0008	527,325	527,325
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 1,908,634</b>	<b>\$ 847,929</b>

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Guthrie and is presented in accordance with the basis for determining federal awards expended as defined by Section 205 of Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd)**  
**Year Ended September 30, 2105**

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1. Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of the City of Guthrie, Oklahoma under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting consistent with the City's basic financial statements.



**CITY OF GUTHRIE**  
**Guthrie, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2015**

**SUMMARY OF AUDITOR'S RESULTS**

1. The independent auditor's report expresses an unqualified opinion on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Guthrie, Oklahoma.
2. There was one significant deficiency relating to the audit of the financial statements included in the "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*".
3. There were no instances of noncompliance material to the financial statements of the City of Guthrie, which would be required to be reported in accordance with *Government Auditing Standards* and included in the "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*".
4. There were no reportable conditions related to the audit of the major federal award programs reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for the City of Guthrie expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that were required to be reported in this schedule in accordance with 2 CFR Part 200, Subpart F.
7. The programs tested as major programs included:
  - Environmental Protection Agency passed through Oklahoma Water Resource Board – CFDA No. 66.468.
8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The City of Guthrie did not qualify as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**Finding 2015-01: Utility Receivables**  
**(Repeat Finding)**

**Criteria:** An objective of an effective internal control system is to ensure accurate and reliable information through reconciliation.

**Condition:** Procedures are not in place to ensure that utility receivables are reconciled to the supporting detailed subsidiary ledgers.

**Cause:** Reconciliation duties are not assigned to specific staff.

**Effect:** Utility receivables may be inaccurate.

**CITY OF GUTHRIE  
Guthrie, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2015**

**FINDINGS - FINANCIAL STATEMENT AUDIT (continued from previous page)**

**Recommendation:** We recommend that the City implement controls to ensure that monthly reconciliations to the subsidiary ledgers are performed.

**City's Response:** Staff is continuing to work with it's accounting advisors Crawford & Associates with in implementing a new procedure to ensure that utility receivables are reconciled monthly to the supporting detailed subsidiary ledgers.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

1. None

**CITY OF GUTHRIE  
Guthrie, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2015**

**Finding 2013-01: Utility Receivables  
(Repeat Finding)**

**Criteria:** An objective of an effective internal control system is to ensure accurate and reliable information through reconciliation.

**Condition:** Procedures are not in place to ensure that utility receivables are reconciled to the supporting detailed subsidiary ledgers.

**Cause:** Reconciliation duties are not assigned to specific staff.

**Effect:** Utility receivables may be inaccurate.

**Recommendation:** We recommend that the City implement controls to ensure that monthly reconciliations to the subsidiary ledgers are performed.

**City's Response:** The City still plans to implement a procedure to ensure that quarterly reconciliations to the subsidiary ledgers are performed.

**Status:** See Finding 2015-01.