



**BERBERICH TRAHAN & CO., P.A.**  
*Certified Public Accountants*

# CITY OF STILLWATER, OKLAHOMA

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SINGLE AUDIT REPORTS AND  
SUPPLEMENTARY SCHEDULES  
YEAR ENDED JUNE 30, 2019

CITY OF STILLWATER, OKLAHOMA  
SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES

Year Ended June 30, 2019

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**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and Members of the City Council  
City of Stillwater, 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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stillwater, Oklahoma (the City), as of and for the year ended June 30, 2019, 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 12, 2019. Our report includes a reference to other auditors who audited the financial statements of Stillwater Medical Center Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berwick Trahan + Co., P.A.*

December 12, 2019  
Topeka, Kansas



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**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and Members of the City Council  
City of Stillwater, Oklahoma:

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

We have audited the City of Stillwater, Oklahoma's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on the 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 program for the year ended June 30, 2019.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 12, 2019, 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Berberich Trahan + Co., P.A.*

December 12, 2019  
Topeka, Kansas

CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Oklahoma Department of Commerce:			
Community Development Block Grant	CDBG-17-17036	14.228	\$ 53,127
Community Development Block Grant	CDBG-18-17286	14.228	<u>100,000</u>
Total U.S. Department of Housing and Urban Development			<u>153,127</u>
U.S. Department of Justice:			
Oklahoma Internet Crimes Against Children	None	16.543	1,148
Passed through Oklahoma Bureau of Investigation: Bullet-Proof Vest Program	2018	16.607	<u>30,849</u>
Total U.S. Department of Justice			<u>31,997</u>
U.S. Department of Transportation:			
Airport Improvement Program - Parallel Taxiway to RW 17-35	3-40-0090-025-2017	20.106	1,755,131
Airport Improvement Program - Rehabilitate Runway 4-22	3-40-0090-026-2018	20.106	163,944
Airport Improvement Program - Reconstruct Runway Lighting 4-22	3-40-0090-027-2018	20.106	82,537
Small Community Air Service Development Program	DOT-OST-2013-0120	20.930	227,983
Passed through Oklahoma Highway Safety Office: Highway Safety Cluster:			
National Priority Safety Programs	OP-18-03-09-02	20.600	4,018
National Priority Safety Programs	OP-19-03-26-03	20.600	<u>19,600</u>
Total Highway Safety Cluster			<u>23,618</u>
Total U.S. Department of Transportation			<u>2,253,213</u>
National Endowment for the Humanities:			
Preservation Assistance Grants, Preservation and Access	PG-258427-18	45.149	536
Passed through Institute of Museum and Library Services: Passed through Oklahoma Department of Libraries:			
E-Media	F-19-092	45.310	23,275
E-Media	F-19-128	45.310	35,500
Health Literacy Project	F-19-157	45.310	9,545
Continuing Education	F-19-204	45.310	<u>488</u>
Total National Endowment for the Humanities			<u>69,344</u>

(Continued)

CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Environmental Protection Agency:			
Passed through Oklahoma Water Resources Board:			
Drinking Water State Revolving Fund Cluster:			
Safe Drinking Water State Revolving Fund	ORF-16-0007-DW	66.468	<u>\$ 2,814,281</u>
U.S. National Archives and Records Administration:			
Passed through Oklahoma Department of Libraries:			
Health Preservation	18-19	89.003	<u>1,500</u>
U.S. Department of Homeland Security:			
Passed through Oklahoma Department of Emergency Management:			
Emergency Management Performance Grant	EMPG-18	97.042	7,500
Emergency Management Performance Grant	EMPG-19	97.042	37,500
Emergency Management Performance Grant	EMPG-17 AEL# 12VE-00-SPEC	97.042	17,460
Emergency Management Performance Grant	EMPG-17 AEL# 12TR-00-TEQP	97.042	1,566
Passed through Oklahoma Office of Homeland Security:			
State Homeland Security Program	860.029	97.073	<u>6,245</u>
Total U.S. Department of Homeland Security			<u>70,271</u>
Total expenditures of federal awards			<u><u>\$ 5,393,733</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF STILLWATER, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Stillwater, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2019. The City's reporting entity is defined in Note 1 to the City's basic financial statements. 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 financial position, or, where applicable, cash flows of the City. All federal awards passed through other government agencies are included on the schedule.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The expenditures are recognized following, as applicable, the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF STILLWATER, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2019

**Section I – Summary of Independent Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a):	None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Drinking Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee:	Yes
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CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

None.