OPERATIONAL AUDIT

OKLAHOMA AERONAUTICS COMMISSION

City of Tahlequah - Project Number TQH-09-NPE/S

Relocate and Rehabilitate Taxiway A, Phase II

July 9, 2009 through January 27, 2011

Independently serving the citizens of Oklahoma by promoting the accountability and fiscal integrity of governmental funds.
Audit Report of the
Oklahoma Aeronautics Commission
City of Tahlequah - Project Number TQH-09-NPE/S
Relocate and Rehabilitate Taxiway A, Phase II

For the period
July 9, 2009 through January 27, 2011
June 7, 2011

TO THE OKLAHOMA AERONAUTICS COMMISSION

Pursuant to your request, this is the audit report for the Oklahoma Aeronautics Commission – City of Tahlequah (state project number TQH-09-NPE/S) for the period of July 9, 2009 through January 27, 2011. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency’s staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

Gary A. Jones, CPA, CFE
Oklahoma State Auditor and Inspector
Oklahoma Aeronautics Commission
Operational Audit

Background

The Oklahoma Aeronautics Commission (the Commission) was created to encourage, foster, and assist in the development of aeronautics in Oklahoma and to encourage the establishment and maintenance of public airports. This includes the preservation and improvement of the state’s 114 public airports, which make up the state’s airport system; and the promotion of the aviation industry, one of the top ten employers in Oklahoma, providing 143,700 jobs.

Oversight is provided by seven commission members. They are:

Wes Stucky................................................................................................................... Chairman
Rick Armstrong ................................................................................................... Vice-Chairman
Dr. David Conway......................................................................................................... Secretary
Dave Amis...................................................................................................................... Member
Joe Harris ....................................................................................................................... Member
Kenneth Adams.............................................................................................................. Member
Tom Stephenson........................................................................................................... Member

The City of Tahlequah (the Sponsor) applied for assistance from the Commission to relocate and rehabilitate taxiway A at the Tahlequah Municipal Airport. The Commission committed $274,568 to this $644,024 project while the Sponsor pledged $48,880. The Federal Aviation Administration funded the difference.

Purpose and Scope

This audit was conducted in response to the Commission’s request.

The audit period covered was July 9, 2009 through January 27, 2011.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Objective 1 - Determine if expenditures paid to the City of Tahlequah (state project number TQH-09-NPE/S) were in accordance with “Exhibit B-1 - Program Narrative” and “Exhibit B-2 - Project Costs” of the airport construction agreement.

Conclusion

The expenditures paid to the City of Tahlequah were in accordance with “Exhibit B-1 – Program Narrative” and “Exhibit B-2 – Project Costs” of the airport construction agreement.

Methodology

To accomplish our objective, we performed the following:

- Reviewed the airport construction agreement;
- Interviewed the mayor, the airport manager, and the engineer;
- Reviewed the bids submitted by contractors for the project;
- Reviewed all invoices submitted by the contractors to the engineer and Sponsor;
- Reviewed all requests for reimbursement submitted by the Sponsor;
- Documented the expenditure process related to the construction project; and
- Observed the completed project.

There were no exceptions noted as a result of these procedures.

1 Internal controls were not considered significant to this objective because 100% of the project-related invoices were reviewed.
APPENDIX
The following information has been presented at the request of management. Our objective was to determine whether expenditures paid to the City of Tahlequah (state project number TQH-09-NPE/S) were in accordance with “Exhibit B-1 – Program Narrative” and “Exhibit B-2 – Project Costs” of the airport construction agreement. Therefore, we did not conclude on the following schedules and information.

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$ 500.00</td>
<td>$ 311.50</td>
<td>$ 188.50</td>
</tr>
<tr>
<td>Engineering</td>
<td>43,410.00</td>
<td>43,410.00</td>
<td>-</td>
</tr>
<tr>
<td>Testing</td>
<td>15,000.00</td>
<td>20,178.00</td>
<td>(5,178.00)</td>
</tr>
<tr>
<td>Inspection</td>
<td>46,200.00</td>
<td>43,417.50</td>
<td>2,782.50</td>
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<tr>
<td>Airport Sponsor Expectations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guide (ASGE) submittals</td>
<td>17,680.00</td>
<td>17,680.00</td>
<td>-</td>
</tr>
<tr>
<td>ASGE non-submittals</td>
<td>11,540.00</td>
<td>11,540.00</td>
<td>-</td>
</tr>
<tr>
<td>Airport layout plan</td>
<td>21,290.00</td>
<td>21,290.00</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>488,404.00</td>
<td>472,778.75</td>
<td>15,625.25</td>
</tr>
<tr>
<td>Total Eligible</td>
<td>$ 644,024.00</td>
<td>$ 630,605.75</td>
<td>$ 13,418.25</td>
</tr>
</tbody>
</table>

Note 1: Because of rounding, the construction amounts presented as “budget” and “variance” above differs slightly from the same categories presented on page 4 of this report.

Note 2: A change order was not requested for the cost overage in testing.

Note 3 – The funding for this project was budgeted at the following percentages: Commission’s portion – 42.6%; Sponsor’s portion – 7.6%; and FAA’s portion – 49.8%.
NOTE: On the contractor's final invoice, only "actual costs" were presented. For presentation purposes, the "per unit actual" amount is shown with no change from the "per unit bid" amount. The "actual quantity" amount was calculated by dividing the "actual cost" amount by the "per unit actual" amount.

<table>
<thead>
<tr>
<th>Construction Costs</th>
<th>Bid Qty</th>
<th>Per Unit Bid</th>
<th>Bid Price</th>
<th>Actual Quantity</th>
<th>Per Unit Actual</th>
<th>Actual Cost</th>
<th>Variance on Qty</th>
<th>Variance on Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic Maintenance</td>
<td>1.00</td>
<td>$ 8,000.00</td>
<td>$ 8,000.00</td>
<td>1.00</td>
<td>$ 8,000.00</td>
<td>$ 8,000.00</td>
<td>0.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Mobilization, Bonds, and Temp. Erosion Control</td>
<td>1.00</td>
<td>60,000.00</td>
<td>60,000.00</td>
<td>1.00</td>
<td>60,000.00</td>
<td>60,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Saw Cutting</td>
<td>250.00</td>
<td>3.66</td>
<td>915.00</td>
<td>254.00</td>
<td>3.66</td>
<td>929.64</td>
<td>-4.00</td>
<td>(34.64)</td>
</tr>
<tr>
<td>Reclaim and Stockpile</td>
<td>5170.00</td>
<td>4.50</td>
<td>23,265.00</td>
<td>5,118.30</td>
<td>4.50</td>
<td>23,032.35</td>
<td>137.35</td>
<td></td>
</tr>
<tr>
<td>existing pavement</td>
<td>4990.00</td>
<td>4.82</td>
<td>24,051.80</td>
<td>5,060.86</td>
<td>4.82</td>
<td>24,393.34</td>
<td>-73.54</td>
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<td>Remove existing drains</td>
<td>880.00</td>
<td>8.62</td>
<td>7,585.60</td>
<td>0.00</td>
<td>8.62</td>
<td>-880.00</td>
<td>7,585.60</td>
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<tr>
<td>Strip topsoil 6&quot;</td>
<td>2000.00</td>
<td>5.72</td>
<td>11,440.00</td>
<td>2,000.00</td>
<td>5.72</td>
<td>11,440.00</td>
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<tr>
<td>Normal excavation</td>
<td>3460.00</td>
<td>9.00</td>
<td>31,140.00</td>
<td>9.00</td>
<td>31,140.00</td>
<td>0.00</td>
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<tr>
<td>Normal embankment</td>
<td>270.00</td>
<td>8.00</td>
<td>2,160.00</td>
<td>8.00</td>
<td>2,160.00</td>
<td>0.00</td>
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<tr>
<td>Replace topsoil 6&quot;</td>
<td>2030.00</td>
<td>7.13</td>
<td>14,473.90</td>
<td>2,030.00</td>
<td>7.13</td>
<td>14,473.90</td>
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<tr>
<td>Surveying</td>
<td>12.00</td>
<td>8.00</td>
<td>130.00</td>
<td>130.00</td>
<td>8.00</td>
<td>1,560.00</td>
<td>4.00</td>
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<tr>
<td>Lime delivered to site</td>
<td>120.00</td>
<td>175.00</td>
<td>21,000.00</td>
<td>175.00</td>
<td>130.00</td>
<td>23,058.00</td>
<td>-11.76</td>
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</tr>
<tr>
<td>Crushed aggregate base course 6&quot;</td>
<td>5200.00</td>
<td>7.50</td>
<td>39,000.00</td>
<td>5,196.00</td>
<td>7.50</td>
<td>38,970.00</td>
<td>4.00</td>
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</tr>
<tr>
<td>Construct 2&quot; bituminous surface course</td>
<td>570.00</td>
<td>155.00</td>
<td>65,550.00</td>
<td>115.00</td>
<td>5,196.00</td>
<td>58,995.00</td>
<td>57.00</td>
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<td>Construct 3&quot; bituminous surface course</td>
<td>850.00</td>
<td>115.00</td>
<td>97,750.00</td>
<td>886.28</td>
<td>115.00</td>
<td>99,851.63</td>
<td>-18.28</td>
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<tr>
<td>Bituminous Prime Coat</td>
<td>1300.00</td>
<td>3.99</td>
<td>5,187.00</td>
<td>3.99</td>
<td>4,778.12</td>
<td>396.88</td>
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<td></td>
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<tr>
<td>Runway and Taxiway painting</td>
<td>580.00</td>
<td>6.00</td>
<td>3,480.00</td>
<td>6.00</td>
<td>3,770.93</td>
<td>-290.93</td>
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<tr>
<td>Provide and install 15&quot; RCP</td>
<td>90.00</td>
<td>61.75</td>
<td>5,557.50</td>
<td>61.75</td>
<td>5,557.50</td>
<td>0.00</td>
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<td></td>
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<tr>
<td>Provide and install 18&quot; RCP storm sewer</td>
<td>100.00</td>
<td>41.38</td>
<td>4,138.00</td>
<td>41.38</td>
<td>4,034.55</td>
<td>103.45</td>
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<tr>
<td>Remove existing 18&quot; RCP</td>
<td>92.00</td>
<td>12.96</td>
<td>1,192.32</td>
<td>12.96</td>
<td>1,192.32</td>
<td>0.00</td>
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<td></td>
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<tr>
<td>Remove existing 12 X 18&quot;</td>
<td>70.00</td>
<td>10.00</td>
<td>700.00</td>
<td>10.00</td>
<td>700.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remove existing drop inlet</td>
<td>1.00</td>
<td>700.00</td>
<td>700.00</td>
<td>700.00</td>
<td>700.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct sloped concrete end section for 18&quot; RCP</td>
<td>2.00</td>
<td>550.00</td>
<td>1,100.00</td>
<td>2.00</td>
<td>550.00</td>
<td>1,100.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Construct culvert treatment for 15&quot; RCP</td>
<td>2.00</td>
<td>700.00</td>
<td>1,400.00</td>
<td>2.00</td>
<td>1,400.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeding</td>
<td>3.00</td>
<td>1,100.00</td>
<td>3,300.00</td>
<td>17.00</td>
<td>1,100.00</td>
<td>1,870.11</td>
<td>130.00</td>
<td></td>
</tr>
<tr>
<td>Sodding</td>
<td>2030.00</td>
<td>5.25</td>
<td>10,657.50</td>
<td>5.25</td>
<td>11,534.36</td>
<td>(856.86)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>1.00</td>
<td>1,500.00</td>
<td>0.00</td>
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<td></td>
</tr>
<tr>
<td>Failed tests</td>
<td>3,361.00</td>
<td>0.00</td>
<td>3,361.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total | $ 488,403.62 | $ 472,778.75 | $ 15,624.87 |
NOTICE OF FINAL INSPECTION

Date: May 27, 2010
Project Number: TCH-09-NPE/5
Airport: Tahlequah Municipal

TO: Oklahoma Aeronautics Commission
120 North Robinson, Suite 1244W
Oklahoma City, Oklahoma 73102
(405) 604-6600 - phone
(405) 604-6610 - fax

FROM: Kevin Reeder
Project Engineer, Mayor, City Manager
5915 Philip J. Rhoads Avenue, Suite 105
Address
Bethany, Oklahoma 73008
City/County/Zip Code
405 / 789-0290
Area Code and Phone Number

This is to advise you that the above referenced project is complete and ready for final inspection. The final inspection is scheduled to begin at 2:00 P.M. (time) on Friday, May 28, 2010 at Tahlequah Municipal Airport, Tahlequah, OK (location).

Prior to making this request, I have carefully gone over this project and have found there to be no known plan omissions and that the work is complete and in reasonably close conformity with approved plans and specifications.

Airport Consultant
Title of above named person
FINAL INSPECTION REPORT

Date: May 28, 2010  Project No: TCH-09-NPE/S  Airport: Tahlequah Municipal

TO: Oklahoma Aeronautics Commission
123 North Robinson, Suite 1244W
Oklahoma City, Oklahoma 73102
(405) 644-9808 – phone
(405) 604-8018 – fax

FROM: Kevin Reeder
Project Engineer, Mayor/City Manager
5915 Phillips Rd, Tahlequah, OK 74464
(918) 831-5500

Final Inspection on the above project was made by the following personnel:

Personnel attending Inspection:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Title-organization</th>
<th>Name/Title-organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greg Bledsoe</td>
<td>Tahlequah Airport Manager</td>
<td>George Fletcher</td>
</tr>
<tr>
<td>Karl Lightcap</td>
<td>Glover &amp; Associates, Inc.</td>
<td>Alex White</td>
</tr>
</tbody>
</table>

The project was found acceptable with the following exceptions:
(See attached final inspection notes)

Anticipated completion date for above exceptions: June 2010

Signature of above named person

Airport Consultant
FINAL ACCEPTANCE NOTICE

Date: June 8, 2010
Project Number: TQH-38-NPE/S
Airport: Tahlequah Municipal

TO: Oklahoma Aeronautics Commission
120 North Robinson, Suite 124-AW
Oklahoma City, Oklahoma 73102
(405) 604-8900 - phone
(405) 947-0810 - fax

FROM: Kevin Reeder
Project Engineer, Aerial City Manager
5915 Philip J. Rodgers Avenue, Suite 105
Oklahoma City, Oklahoma 73108
(405) 789-0200 - phone

This is to advise you that the exceptions found at the final inspection have been completed or corrected. The project is accepted by George Fletcher, Inspector:

Project Engineer, Aerial City Manager

on June 8, 2010 at Tahlequah Municipal Airport.

NOTE: If no exceptions are found at the Final Inspection, submit this form at the same time the Final Inspection is completed, showing acceptance of the Project.