OPERATIONAL AUDIT

OKLAHOMA AERONAUTICS COMMISSION

City of Perry

Project Number F22-12-S

Runway Rehabilitation and Overlay

For the Period May 10, 2012 through May 8, 2013

Independently serving the citizens of Oklahoma by promoting the accountability and fiscal integrity of governmental funds.

Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE
Audit Report of the
Oklahoma Aeronautics Commission
City of Perry - Project Number F22-12-S
Runway Rehabilitation and Overlay

For the Period
May 10, 2012 through May 8, 2013
July 8, 2013

TO THE OKLAHOMA AERONAUTICS COMMISSION

At management’s request, we have conducted an audit of the Oklahoma Aeronautics Commission (Commission) – City of Perry (state project number F22-12-S) for the period May 10, 2012 through May 8, 2013. The objective of the audit was to determine whether expenditures paid to the City of Perry were in accordance with Exhibit B-1 – Program Narrative and Exhibit B-2 – Project Costs of the airport construction agreement.

According to Exhibit B-1 and Exhibit B-2, the project was to provide runway rehabilitation and overlay. The project was budgeted at $444,444. The Commission’s share of the budget was $400,000 and the City of Perry’s share was $44,444.

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 objective.

Our audit procedures included inquiries of appropriate Commission personnel, the project engineer, the Perry Director of Public Works, and the airport manager; inspection of all invoices and supporting documentation related to project reimbursements; and a physical inspection of the completed project conducted on June 26, 2013. These procedures indicated that costs paid to the City of Perry by the Commission appeared to be in accordance with the Program Narrative and the Project Costs.

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.

Sincerely,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
APPENDIX
The following information has been presented at the request of management. Therefore, we did not verify the data presented in the following schedules.

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction¹</td>
<td>$444,444.00</td>
<td>$937,184.37</td>
<td>($492,740.37)</td>
</tr>
<tr>
<td>Project Cost</td>
<td>$444,444.00</td>
<td>$937,184.37</td>
<td>($492,740.37)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant Amount</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>City’s Share - 10%</td>
<td>$44,000.00</td>
<td>$44,000.00</td>
</tr>
<tr>
<td>Commission's Share - 90%</td>
<td>$400,000.00</td>
<td>$400,000.00</td>
</tr>
<tr>
<td></td>
<td>$444,000.00</td>
<td>$444,000.00</td>
</tr>
</tbody>
</table>

¹ This project was executed in two phases. Phase I was supported with Federal Aviation Administration (FAA) funds and Phase II was supported with Commission funds. However, the construction costs were not separated into two phases. The "Actual" column represents the final construction costs for the entire project, the top portion of the "Variance" column represents the costs supported in Phase I by the FAA and the "Budget" column represents the costs supported by the Commission for Phase II.
<table>
<thead>
<tr>
<th>Description</th>
<th>Bid Unit</th>
<th>Bid Quantity</th>
<th>Unit Price Bid</th>
<th>Bid Amount</th>
<th>Actual Quantity</th>
<th>Actual Cost</th>
<th>Quantity Variance</th>
<th>Cost Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Preparation</td>
<td>L.S.</td>
<td>1.00</td>
<td>$32,000.00</td>
<td>32,000.00</td>
<td>1.00</td>
<td>$34,500.00</td>
<td>-</td>
<td>$(2,500.00)</td>
</tr>
<tr>
<td>Cold Milling (2&quot;)</td>
<td>S.Y.</td>
<td>2.75</td>
<td>117,576.25</td>
<td>42,755.00</td>
<td>117,576.25</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Joint and Crack Repair</td>
<td>L.F.</td>
<td>1.98</td>
<td>90,882.00</td>
<td>45,900.00</td>
<td>90,882.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bituminous Surface Course</td>
<td>TON</td>
<td>4.427.05</td>
<td>507,561.28</td>
<td>453</td>
<td>51,930.72</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bituminous Material</td>
<td>GAL</td>
<td>2.315</td>
<td>51,930.72</td>
<td>453</td>
<td>51,930.72</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>First Application Aggregate</td>
<td>SY</td>
<td>1.579</td>
<td>1,538.60</td>
<td>13</td>
<td>1,538.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Runway and Taxiway Painting</td>
<td>S.F.</td>
<td>1.579</td>
<td>1,538.60</td>
<td>13</td>
<td>1,538.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Failed Subgrade Repair</td>
<td>L.S.</td>
<td>2.315</td>
<td>1,538.60</td>
<td>13</td>
<td>1,538.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Failed Subgrade Repair</td>
<td>S.Y.</td>
<td>2.315</td>
<td>1,538.60</td>
<td>13</td>
<td>1,538.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

TOTAL: $986,887.75 $937,184.37 $49,703.38

1 This variance came from a change order and applied to total construction costs. However, it was not possible to ascertain whether Phase I or Phase II or both phases were affected. Therefore, no change order was indicated on the previous page.
NOTICE OF FINAL INSPECTION

Date: November 13, 2012
Project Number: F22-12-S
Airport: Perry Municipal Airport (F22)

TO: Oklahoma Aeronautics Commission
120 N. Robinson, Suite 1244 W
Oklahoma City, OK 73102
(405) 604-6900 – phone
(405) 604-6919 – fax

FROM: Joseph C. Sober
Project Manager
1016 24th Avenue NW
Norman, Oklahoma 73069
(405) 329-2555

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 9:30 am on December 18, 2012 at Perry Municipal Airport (F22).

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.

Signature of above named person

Project Engineer

Date of above named person

3
FINAL INSPECTION REPORT

Date: December 18, 2012    Project No: F22-12-S    Airport: Perry Municipal Airport

TO: Oklahoma Aeronautics Commission
    120 N. Robinson, Suite 1244 W
    Oklahoma City OK 73102
    (405) 604-6900 – phone
    (405) 604-6919 – fax

FROM: Garner, LLC
    Project/Engineer, Project Manager
    1016 24th Avenue NW
    Norman, Oklahoma 73069
    (405) 329-2565

Final inspection on the above project was made by Curtis Brown, PE
(Project Manager)
on December 18, 2012 at Perry Municipal Airport

Personnel attending inspection:

<table>
<thead>
<tr>
<th>name-title-organization</th>
<th>name-title-organization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

The project was found acceptable with the following exceptions: See the attached punch-list items.

Anticipated completion date for above exceptions: __________________________

Signature of above named person

Title of above named person
FINAL ACCEPTANCE NOTICE

Date: December 18, 2012
Project Number: F22-12-S
Airport: Perry Municipal Airport (F22)

TO: Oklahoma Aeronautics Commission
120 N. Robinson, Suite 1244 W
Oklahoma City OK 73102
(405) 604-6980 – phone
(405) 604-6919 – fax

FROM: Mary Rupp
City Manager
622 Cedar Street
Address
Perry, Oklahoma 73077
City/Town and Zip Code
(580) 338-9380
Area Code and Phone Number

This is to advise you that the exceptions found at the final inspection have been completed or corrected. The project is accepted by Mary Rupp
(City Manager)
on December 18, 2012 at Perry Municipal Airport
(Date)

Signature of above named person

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.