OPERATIONAL AUDIT

OKLAHOMA AERONAUTICS COMMISSION

City of Guthrie - Project Number GOK-10-S
Taxiway Delta Development

For the period August 12, 2010 through March 3, 2011

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

Oklahoma State Auditor & Inspector
Gary Jones, CPA, CFE
Audit Report of the
Oklahoma Aeronautics Commission
City of Guthrie - Project Number GOK-10-S
Taxiway Delta Development

For the period
August 12, 2010 through March 3, 2011
July 20, 2011

TO THE OKLAHOMA AERONAUTICS COMMISSION

Pursuant to your request, this is the audit report for the Oklahoma Aeronautics Commission – City of Guthrie (state project number GOK-10-S) for the period of August 12, 2010 through March 3, 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
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 Guthrie (the Sponsor) applied for assistance from the Commission to modify taxiway Delta at the Guthrie-Edmond Municipal Airport. The Commission committed $295,648 to this $328,498 project while the Sponsor pledged $32,850.

Purpose and Scope

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

The audit period covered was August 12, 2010 through March 3, 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 Guthrie (state project number GOK-10-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 Guthrie 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 director of municipal services, 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.
The following information has been presented at the request of management. Our objective was to determine whether expenditures paid to the City of Guthrie (state project number GOK-10-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>Construction observation/administration and testing</td>
<td>$49,900.00</td>
<td>$47,650.98</td>
<td>$2,249.02</td>
</tr>
<tr>
<td>Construction</td>
<td>278,597.50</td>
<td>277,253.97</td>
<td>1,343.53</td>
</tr>
<tr>
<td><strong>Total Eligible Project Cost</strong></td>
<td><strong>$328,497.50</strong></td>
<td><strong>$324,904.95</strong></td>
<td><strong>$3,592.55</strong></td>
</tr>
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</table>

The funding for this project was budgeted at the following percentages: Commission’s portion – 90%; Sponsor’s portion – 10%.
Note – The construction company’s final invoice did not present the “per unit actual” amount. As a result, this amount presented above was calculated by dividing the “actual cost” amount by the “actual quantity” amount.
NOTICE OF FINAL INSPECTION

Date: December 6, 2010
Project Number: GOK–10–S
Airport: Guthrie-Edmond Regional GOK

TO: Oklahoma Aeronautics Commission
120 N. Robinson, Suite 1244 W
Oklahoma City OK 73102
(405) 804-5900 – phone
(405) 604-6919 – fax

FROM: Curtis Brown, PE – Garver, LLC
Project Engineer, Mayor, City Manager
1016 24th Avenue NW
Address
Norman OK
City/Town and Zip Code
(405) 329-2555
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 PM on December 16, 2010 at Guthrie-Edmond Regional Airport.

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 Manager / Engineer
Title of above named person
FINAL ACCEPTANCE NOTICE

Date: January 5, 2010
Project Number: GOK – 10 - S
Airport: Guthrie-Edmond Regional GOK

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

FROM: Curtis Brown, PE – Garver, LLC
Project Engineer, Mayor, City Manager
1016 24th Avenue NW
Address
Norman, OK
City/Town and Zip Code
(405) 329-2555
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 Garver, LLC – Curtis Brown, PE on January 6, 2011 at Guthrie-Edmond Regional Airport.

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.
FINAL INSPECTION REPORT

Date: 12/20/2010  Project No: GOK-10-S  Airport: Guthrie-Edmond Regional (GOK)

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

FROM: Curtis Brown, PE – Garver, LLC
Project Engineer, Mayor, City Manager
1016 24th Avenue NW
Address
Norman, OK
City/Town and Zip Code
(405) 329-2555
Area Code and Phone Number

Final inspection on the above project was made by Garver, LLC – Curtis Brown, PE on December 16, 2010 at Guthrie-Edmond Regional Airport.

Personnel attending inspection:

<table>
<thead>
<tr>
<th>name-title-organization</th>
<th>name-title-organization</th>
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</thead>
<tbody>
<tr>
<td>Mr. Lee Ivie - Airport Manager</td>
<td>Ray Ryan, EI – Resident Inspector</td>
</tr>
<tr>
<td>Chris Stanley – Sandstone Construction</td>
<td>Curtis Brown, PE – Project Manager</td>
</tr>
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The project was found acceptable with the following exceptions: See attached list.

Anticipated completion date for above exceptions: January 14, 2011.

Signature of above named person

Project Manager / Engineer

Title of above named person