

# City of Tulsa, Oklahoma

Compliance Report  
Year Ended June 30, 2014

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**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***

**Independent Auditor's Report**

To the Honorable Mayor and City Council  
City of Tulsa, Oklahoma  
Tulsa, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 14, 2014. The beginning net position of the business-type activities, One Technology Center Fund (major fund) and Arena and Convention Center Fund (major fund) were restated to correct an error related to prepaid expenses. Our report includes a reference to the City's adoption of GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Industrial Authority, a discretely presented component unit of the City, and the Tulsa Stadium Trust, a blended component unit of the City, as described in our report on the City's financial statements. In addition, other auditors audited the Operations of the BOK Center, as managed by SMG, and the Operations of the Cox Business Center, as managed by SMG, which are included within the Arena and Convention Center major enterprise fund, 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency in internal control over financial reporting. 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.

### **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*.

### **Management'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 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kansas City, Missouri  
November 14, 2014



**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 OMB Circular A-133**

**Independent Auditor's Report**

To the Honorable Mayor and City Council  
City of Tulsa, Oklahoma  
Tulsa, Oklahoma

**Scope**

The City of Tulsa, Oklahoma's basic financial statements include the operations of the Tulsa Development Authority (TDA) and Tulsa Industrial Authority (TIA), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. Our audit, described below, did not include the operations of TST or TIA because these component units engaged other auditors to perform their June 30, 2014 audits. Our audit, described below, did not include the operations of TDA because they were not required to have a separate audit in accordance with OMB Circular A-133 as their federal expenditures for the year ending June 30, 2014 were less than \$500,000.

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

We have audited the City of Tulsa, Oklahoma's (the City) 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 the City's major federal programs for the year ended June 30, 2014. The City'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 the City'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 the City'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 the City's compliance.

### ***Opinion on Each 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 each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

### **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 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 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 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, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 14, 2014, which contained unmodified opinions on those financial statements. The beginning net position of the business-type activities, One Technology Center Fund (major fund), and Arena and Convention Center Fund (major fund) were restated to correct an error in the prepaid expense balances as of June 30, 2013. Our audit report includes a reference to the City's adoption of GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, and a reference to other auditors. 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 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 basic 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.

*McGladrey LLP*

Kansas City, Missouri  
November 14, 2014

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/Closed	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF COMMERCE</b>											
<b>Direct Grants:</b>											
Disaster Economic Adjustment, Installation of Water & Sanitary Sewer Lines	11.307	08-79-04461	1,000,000	109,036	-	-	24,854	99,417	124,271	9,619	-
Subtotal U.S. Department of Commerce			1,000,000	109,036	-	-	24,854	99,417	124,271	9,619	-
<b>U.S. DEPARTMENT OF ENERGY</b>											
<b>Direct Grants:</b>											
ARRA-Energy Efficiency and Sustainable Program	81.128	DE-EE0000921	3,883,500	34,595	-	-	-	33,903	33,903	692	-
Clean Cities Refueling Infrastructure for Alternative Fuel	81.086	DE-EE0002534	300,000	100,110	-	-	-	70	70	100,040	-
Subtotal U.S. Department of Energy			4,183,500	134,705	-	-	-	33,973	33,973	100,732	-
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>											
Brownfields Clean-up / Evans-Fintube (83.3333/16.6667)	66.818	BF-00F71001-0	720,000	-	720,000	-	85	424	509	719,576	-
Brownfields Revolving Loan Programs (83.3333/16.6667)	66.818	BF-00F70901-0	950,000	-	950,000	-	85	424	509	949,576	-
ARRA - Brownfields Revolving Loan Programs	66.818	2009-ARRA	350,000	174,386	150,000	-	-	293,664	293,664	30,722	-
<b>Passed through the State of Oklahoma Department of Environmental Quality</b>											
<b>ARRA - Brownfields Revolving Loan Programs</b>											
<b>Passed through the State of Oklahoma Water Resources Board</b>											
<b>Tulsa Metropolitan Utility</b>											
OWRB Loan	66.458	ORF-10-0001-CW	1,433,546	-	1,433,546	-	-	1,433,546	1,433,546	-	-
OWRB Loan	66.458	ORF-11-0003-CW	1,965,107	-	1,965,107	-	-	1,965,107	1,965,107	-	-
OWRB Loan	66.458	ORF-11-0005-CW	1,603,014	-	1,603,014	-	-	1,603,014	1,603,014	-	-
OWRB Loan	66.458	ORF-12-0003-CW	686,718	-	686,718	-	-	686,718	686,718	-	-
Subtotal U.S. Environmental Protection Agency			7,708,385	174,386	7,508,385	-	170	5,982,897	5,983,067	1,699,874	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
HRSA Mobil Data Terminals	93.887	HRSA-10-041	99,000	99,000	-	-	-	-	-	99,000	-



**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>												
Passed through Transportation Security Administration.												
National Explosives Detection Canine Program	97.072	HSTS0208HCAN459	2,217,979	-	328,979	-	-	328,979	328,979	-	-	
Passed through State of Oklahoma Office of Homeland Security												
Homeland Security Fusion Center Analyst	97.073	340.013	144,000	107,778	-	-	-	103,751	103,751	4,027	-	
Homeland Security Fusion Center Analyst	97.073	440.013	90,000	-	90,000	-	-	36,116	36,116	53,884	-	
Homeland Security Fusion Center Analyst	97.073	540.013	72,000	-	72,000	-	-	-	-	72,000	-	
State Homeland Security Program IOC Multi-State Proje	97.073	125.001	250,000	250,000	-	-	-	-	-	250,000	-	
UASI-Tulsa Urban Area Initiative	97.073	151.006	127,000	127,000	-	-	-	-	-	127,000	-	
Homeland Security Structural Collapse Courses	97.073	420.016	10,000	-	10,000	-	-	10,000	10,000	-	-	
Assistance to Firefighters Grant Program (80/20)	97.044	EMW-2012-FC-06376	134,374	2,163	-	-	-	-	-	2,163	-	
CTP Mapping grant (75/25)	97.045	EMT-2011-CA-0003	624,956	408,428	-	-	54,823	164,468	219,290	243,961	-	
Subtotal U.S. Department of Homeland Security			3,670,309	895,369	500,979	-	54,823	643,314	698,136	753,035	-	
<b>U.S. DEPARTMENT OF JUSTICE</b>												
Direct Grants:												
Forfeiture Proceeds	16.992	OK00720500	3,280,852	220,246	189,472	583,332	-	121,340	121,340	871,710	-	
Grants to Encourage Arrest	16.590	2012-WE-AX-0036	650,000	532,752	-	-	-	348,241	348,241	184,511	299,719	
Bulletproof Vest Replacement	16.607	2009 BOBX BA-3A00S-SM01	10,331	4,828	-	-	-	-	-	4,828	-	
Bulletproof Vest Replacement	16.607	2010 BOBX BA-3A00S-SM01	22,852	22,852	-	-	-	-	-	22,852	-	
Bulletproof Vest Replacement	16.607	2011BOBX11057439	12,895	12,895	-	-	-	-	-	12,895	-	
Bulletproof Vest Replacement	16.607	2012BOBX12064145	4,277	4,277	-	-	-	-	-	4,277	-	
ARRA-COPS Hiring Recovery Program (CHRP)	16.710	2009-RJ-WX-0073	3,505,446	139,732	-	-	-	61,064	61,064	78,668	-	
COPS Hiring Program	16.710	2010-UL-WX-0019	4,485,828	1,141,960	-	-	-	758,665	758,665	383,295	-	
COPS Hiring Program	16.710	2011-UL-WX-0026	3,529,041	2,476,725	-	-	-	1,127,797	1,127,797	1,348,928	-	
COPS Hiring Program	16.710	2012-UL-WX-0024	750,000	750,000	-	-	-	183,071	183,071	566,929	-	
COPS Technology Grant	16.710	2010-CK-WX-0317	200,000	150,004	-	-	-	-	-	150,004	-	
FY10 Forensic DNA Backlog Reduction Program	16.741	2010-DN-BX-K079	317,089	147	-	-	-	-	-	147	-	
FY11 Forensic DNA Backlog Reduction Program	16.741	2011-DN-BX-K403	254,549	2,434	-	-	-	-	-	2,434	-	
FY12 Forensic DNA Backlog Reduction Program	16.741	2012-DN-BX-0019	231,520	137,064	-	-	-	129,502	129,502	7,562	-	
FY13 Forensic DNA Backlog Reduction Program	16.741	2013-DN-BX-0048	272,347	-	272,347	-	-	260,683	260,683	11,664	-	
JAG	16.738	2007-DJ-BX-0794	516,367	23,298	-	-	-	-	-	23,298	-	
JAG	16.738	2008-DJ-BX-0634	220,363	3,156	-	-	-	-	-	3,156	-	
JAG	16.738	2009-DJ-BX-1222	739,943	25,478	-	-	-	-	-	25,478	-	
JAG	16.738	2010-DJ-BX-0680	665,464	44,642	-	-	12,828	44,642	57,470	-	-	
JAG	16.738	2011-DJ-BX-2944	521,831	229,324	-	-	-	117,792	117,792	111,532	-	
JAG	16.738	2012-DJ-BX-0940	416,804	374,845	-	-	-	142,852	142,852	231,993	-	
JAG	16.738	2013-DJ-BX-0361	378,560	-	378,560	-	-	-	-	378,560	-	
ARRA-JAG	16.804	2009-SB-B9-3102	3,136,932	4,472	-	-	-	-	-	4,472	-	

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/Closed	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients
<u>Passed through the Oklahoma State Bureau of Investigation</u>											
Oklahoma Internet Crimes Against Children	16.523	2008-MC-CX-K022	8,100	1,021	-	-	-	-	-	1,021	-
<u>Passed through the Oklahoma Attorney General</u>											
2013 Safe Oklahoma Grant Program	16.827	JRI-2014-02	625,000	-	625,000	-	-	455,646	455,646	169,354	-
<u>Passed through the State District Attorney Council</u>											
Multi-Agency Gang Task Force	16.803	J09-10-025	74,379	11,703	-	-	-	-	-	11,703	-
2010 VAWA SANE Education Project	16.588	VR10-035	5,900	2,360	-	-	-	-	-	2,360	-
2011 VAWA SANE Education Project	16.588	V11-033	23,895	14	-	-	-	-	-	14	-
2011 VAWA SANE Education Project	16.588	V11-034	6,954	667	-	-	-	-	-	667	-
2012 VAWA SANE Education Project	16.588	VAWA-2012-TULSA-PD-0016	23,895	23,831	-	-	-	22,835	22,835	996	-
2012 VAWA SANE Education Project	16.582	VAWA-2012-TULSA-PD-0018	6,954	4,392	-	-	-	3,805	3,805	587	-
2013 VAWA SANE Education Project	16.588	VAWA-2013-TULSA-PD-00011	6,746	-	6,746	-	-	2,785	2,785	3,961	-
2013 VAWA Domestic Violence Nurse Examiner Program	16.588	VAWA-2013-TULSA-PD-00012	23,722	-	23,722	-	-	200	200	23,522	-
OK Statewide SANE Coordinator	16.588	2011-WR-0026	367,455	287,925	-	-	-	103,292	103,292	184,633	-
2010 VOCA Subgrant	16.575	10-090	26,000	6,500	-	-	-	-	-	6,500	-
National Forensic Science Improvement Act Grant	16.742	FSFD07-006	39,656	12,539	-	-	-	-	-	12,539	-
National Forensic Science Improvement Act Grant	16.742	FSFD08-005	24,640	4,874	-	-	-	-	-	4,874	-
National Forensic Science Improvement Act Grant	16.742	FSF10-005	82,347	14,212	(14,212)	-	-	-	-	-	-
National Forensic Science Improvement Act Grant	16.742	FSF11-002	44,199	4,239	-	-	-	-	-	4,239	-
National Forensic Science Improvement Act Grant	16.742	FSF12-002	14,014	5,043	-	-	-	5,039	5,039	4	-
National Forensic Science Improvement Act Grant	16.742	FSF13-002	39,896	-	39,896	-	-	32,168	32,168	7,728	-
Recovery Act Justice Assistance Grant	16.803	JR09-038	74,689	12,643	-	-	-	-	-	12,643	-
Subtotal U.S. Department of Justice			25,641,732	6,693,094	1,521,531	583,332	12,828	3,921,419	3,934,247	4,876,538	299,719

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Direct Grants:**

CDBG Year 35	14.218	B-13-MC-40-0004	24,274,296	1,975,749	3,354,605	1,718,024	462,256	5,474,712	5,936,969	1,573,665	3,127,841
CDBG Revolving Loan Fund	14.218	B-12-MC-40-0004	-	866,140	-	(1,718,024)	856,983	-	-	5,099	-
HOME	14.239	M-13-MC-40-0202	16,344,134	7,644,617	1,318,295	-	-	6,330,799	6,330,799	2,632,113	6,145,976
Emergency Shelter	14.231	E-11-MC-40-0001	161,259	67,385	-	2,183	-	69,568	69,568	-	69,568
Emergency Shelter	14.231	E-12-MC-40-0001	521,682	138,147	233,946	-	-	272,890	272,890	99,203	263,617
Housing Opportunities for Persons with AIDS	14.241	E-13-MC-40-0001	1,351,247	175,777	334,444	-	-	335,406	335,406	174,815	324,673
ARRA-CDBG Recovery	14.253	OK-H13-F002	989,720	114,603	-	-	-	-	-	114,603	-
Subtotal U.S. Department of Housing and Urban Development			43,642,338	10,982,418	5,241,290	2,183	1,319,239	12,483,375	12,945,632	4,599,498	9,931,675

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</b>											
<b>Direct Grants:</b>											
Rehabilitate Service Road - Phase 5	20.106	3-40-0098-24	101,339	27,777	-	-	-	-	-	27,777	-
Upgrade Airfield Guidance Signs RVS	20.106	3-40-0098-25	192,565	1	-	-	-	-	-	1	-
Rehabilitate Airport Signage RVS	20.106	3-40-0098-26	1,642,775	1	21,085	-	400	21,085	21,485	1	-
Rehabilitate Runway Lighting, Wildlife Hazard Assessmt	20.106	3-40-0098-27	1,487,408	-	1,487,408	-	154,233	1,388,102	1,542,335	99,306	-
Noise Mitigation 2009	20.106	3-40-0099-70	6,930,000	499,824	-	-	-	-	-	499,824	-
Memorial Drive Realignment & Water Line Improvement	20.106	3-40-0099-74	1,096,269	38,895	(38,895)	-	-	-	-	-	-
Noise Mitigation 2010	20.106	3-40-0099-75	4,930,000	1,494,885	-	-	771	7,327	8,098	1,487,558	-
Collect Airport Data for Airports Geographic Info System	20.106	3-40-0099-76	602,067	7	-	-	-	-	-	7	-
Wildlife Hazard Assessment	20.106	3-40-0099-77	79,201	8,714	-	-	454	8,624	9,078	90	-
Rehabilitate Runway 18L/36R - Phase 3	20.106	3-40-0099-78	8,524,008	806,003	(806,003)	-	-	-	-	-	-
Remove Obstructions in Runway 8 RPZ	20.106	3-40-0099-79	342,633	11,420	(11,420)	-	-	-	-	-	-
Install Runway 26 MALSR	20.106	3-40-0099-81	1,329,238	55,762	-	-	216	4,101	4,317	51,661	-
Replace Runway 18L/36R	20.106	3-40-0099-83	16,179,074	522,999	4,621,191	-	571,577	5,144,189	5,715,766	1	-
Safety area for Runway 18L/36R	20.106	3-40-0099-84	825,000	687,020	-	-	53,604	482,432	536,036	204,588	-
Rehabilitate Runway 18L/36R	20.106	3-40-0099-85	6,500,000	-	6,500,000	-	699,657	6,296,906	6,996,563	203,094	-
			50,761,577	4,153,308	11,773,366	-	1,480,911	13,352,766	14,833,678	2,573,908	-
<b>U.S. DEPARTMENT OF TRANSPORTATION (DIRECT)</b>											
Capital Projects	20.500	OK-04-0018-00	1,240,500	67,293	-	-	3,422	13,688	17,110	53,605	-
Capital Projects	20.500	OK-04-0017-00	750,000	206,827	-	-	-	110,677	110,677	96,150	-
Capital and Planning Projects	20.500	OK-34-0001-00	663,427	-	663,427	-	165,857	663,427	829,284	-	-
Capital and Planning Projects	20.500	OK-34-0002-00	701,024	-	701,024	-	-	-	-	701,024	-
Capital and Planning Projects	20.507	OK-90-X087-00	5,764,000	108,458	-	-	20,755	83,018	103,773	25,440	-
American with Disabilities Act (ADA)	20.507	OK-90-X095-01	6,953,517	172,158	-	-	13,223	52,893	66,116	119,265	-
Capital and Planning Projects	20.507	OK-90-X100-01	6,465,926	170,354	-	-	178	711	889	169,643	-
Capital and Planning Projects	20.507	OK-95-X003-01	650,000	205,575	-	-	22,322	89,289	111,611	116,286	-
ARRA-Capital and Planning Projects	20.507	OK-96-X003-01	8,853,448	20,935	-	-	-	20,935	20,935	-	-
Capital and Planning Projects	20.507	OK-90-X104-00	6,595,908	248,968	-	-	8,774	35,097	43,871	213,871	-
Capital and Planning Projects	20.507	OK-90-X109-00	6,340,747	453,815	-	-	9,322	37,289	46,611	416,526	-
Capital and Planning Projects	20.507	OK-37-X043-00	320,725	56,800	-	-	56,800	56,800	113,600	-	-
Capital and Planning Projects	20.507	OK-95-X005-00	607,323	607,323	-	-	144,331	577,323	721,654	30,000	-
Capital and Planning Projects	20.507	OK-90-X113-00	3,023,022	2,278,089	3,261,323	-	2,288,153	4,922,608	7,210,761	616,804	-
Capital and Planning Projects	20.507	OK-95-X006-00	250,000	-	250,000	-	1,160	4,640	5,800	245,360	-
Capital and Planning Projects	20.507	OK-95-X008-00	250,000	-	250,000	-	-	-	-	250,000	-
Capital and Planning Projects	20.507	OK-90-X117-00	6,588,277	-	6,588,277	-	202,342	210,929	413,271	6,377,348	-
Capital and Planning Projects	20.519	OK-04-0014-00	2,500,000	772,332	-	-	164,505	658,019	822,524	114,313	-
			58,517,844	5,368,927	11,714,051	-	3,101,144	7,537,343	10,638,487	9,545,635	-

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures		Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients	
								Federal	Federal and Local			
<u>Passed through the Indian Nations Council of Government</u>												
CMAQ Public Fleet Conversion Grant (41.1765 / 58.82)	20.205	N/A	35,000	35,000	-	-	50,000	35,000	85,000	-	-	
CMAQ Fire Dept Staff Fleet Conversion Grant (75/25)	20.505	N/A	29,588	32,500	-	(2,913)	9,863	29,588	39,450	-	-	
			64,588	67,500	-	(2,913)	59,863	64,588	124,450	-	-	
<u>Passed through the Oklahoma Department of Transportation</u>												
Transportation Enhancement Project-144 Pedestrian Trail	20.205	STPIY-0044-2(392)229EH	250,000	60,337	-	-	-	-	-	60,337	-	
Traffic Signals Communication Systems	20.205	CMAAG-172A(222)IG	582,700	91,056	-	-	-	-	-	91,056	-	
US-169 at 21st Street	20.205	NHY-30N(006)J/P11031	14,073	14,073	-	-	-	-	-	14,073	-	
Gilcrease Expressway Right of Way Acquisition (80/20)	20.205	STP-172A(335)IG	4,400,000	110,791	-	-	1,394	5,577	6,971	105,214	-	
Gilcrease Expressway Edison to LL Tisdale (80/20)	20.205	157A(145)IG	10,900,000	7,866,798	-	-	190,308	761,231	951,538	7,105,568	-	
Gilcrease West N 41st W Ave to LL Tisdale	20.205	157A(143)IG	7,644,206	7,644,206	-	-	-	-	-	7,644,206	-	
Bikeway Signal Actuation	20.205	CMAAG-172D(329)IG	105,000	2,834	-	-	-	2,495	2,495	339	-	
Traffic Signal Pre-emption System	20.205	CMAAG-172F(023)IG	100,000	100,000	-	-	-	-	-	100,000	-	
Mingo Creek Trail 61st to 81st	20.205	TCSP-0H68(006)SG	132,267	8,267	-	-	-	-	-	8,267	-	
Utility Relocation 1-44 & 193rd (80/20)	20.205	IM-NHIY-0044-2(419)239	3,525,200	3,343,009	-	-	(3,197)	(12,786)	(15,983)	3,355,795	-	
144 Riverside Drive to Yorktown Ave - Sewer	20.205	J/P 06374(52), NHIY-0044-2(404)227 HP SEWER	2,421,881	2,421,881	-	-	-	-	-	2,421,881	-	
144 Riverside Drive to Yorktown Ave - Water	20.205	J/P 06374(52), NHIY-0044-2(404)227 HP WATER	1,882,163	1,882,163	-	-	-	-	-	1,882,163	-	
Mingo Creek Trail - Admiral Place to 1-244 (80/20)	20.205	STP-172E(379)EH	660,000	1	-	-	(3,423)	(10,268)	(13,691)	10,269	-	
Mingo Creek Trail - Mingo Road to Admiral Place (7	20.205	STP-172E(380)EH	412,500	39,949	-	-	3,423	10,268	13,691	29,681	-	
Mingo Creek Trail - 71st to 61st (80/20)	20.205	SEC1934-172E(404)TI	1,816,722	1,604,254	-	-	-	-	-	1,604,254	-	
Railroad at 33 West Avenue	20.205	STP-172D(377)RR	201,156	201,156	-	-	-	-	-	201,156	-	
Route 66 Cultural Crossroads Project (70/30)	20.205	SB-OL97(010)DC	385,000	20,185	-	-	8,651	20,185	28,836	-	-	
Midland Valley Trail Improvements (50/50)	20.205	STP-172E(474)EH	600,000	2	-	-	-	-	-	2	-	
Secure Bike Racks for Central Business District	20.205	CMA-172E(469)IG	62,500	2,034	-	-	-	-	-	2,034	-	
John Hope Franklin (80/20)	20.205	STP-172E(476)EH	229,333	1,612	-	-	403	1,612	2,015	-	-	
Tulsa County Safe Routes	20.205	SRS-155F(710)ST	150,700	200,267	-	-	-	-	-	200,267	-	
Joe Trail Riverside (75/25)	20.205	STP-172E(473)EH	60,000	533,558	-	-	(2,147)	(6,442)	(8,590)	540,001	-	
			36,535,401	26,148,433	-	-	195,412	771,872	967,282	25,376,563	-	
<u>Passed through the State of Oklahoma Highway Safety Office</u>												
FY10 Traffic Enforcement	20.600	PT-11-03-28-04	90,000	2,924	-	-	-	-	-	2,924	-	
FY11 Traffic Enforcement	20.600	PT-12-03-29-05	110,800	179	-	-	-	-	-	179	-	
FY12 Traffic Enforcement	20.600	PT-13-03-01-06	123,000	56,959	-	-	-	46,725	46,725	10,234	-	
2013 Tulsa Police Impaired Driving Enforcement	20.600	OP-14-03-12-05	152,000	-	152,000	-	-	63,550	63,550	88,450	-	
Tulsa Police Department Motorcycle Safety	20.600	STMC-14-02-05-07	31,174	-	31,174	-	-	24,526	24,526	6,648	-	
			506,974	60,062	183,174	-	-	134,801	134,801	108,435	-	
Subtotal U.S. Department of Transportation			146,386,384	35,798,230	23,670,591	(2,913)	4,837,331	21,861,370	26,695,698	37,604,541	-	
<b>NATIONAL ENDOWMENT FOR THE ARTS (DIRECT)</b>												
Support of Lawn d'Arts Performance Series	45.024	12-4292-7156	50,000	50,000	-	-	-	25,000	25,000	25,000	-	
Subtotal National Endowment for the Arts			50,000	50,000	-	-	-	25,000	25,000	25,000	-	

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2013	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2014	Amounts Provided to Subrecipients
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>											
<u>Passed through the State of Oklahoma Dept of Civil Emergency Management</u>											
Hazard Mitigation	97.039	FEMA-1735DR-OK Project #0086	190,358	10,640	-	-	-	-	-	10,640	-
Hazard Mitigation	97.039	#0091	1,500,000	609,859	-	-	203,286	609,859	813,145	-	-
Hazard Mitigation	97.039	Stream & Rain Gauge Station	36,000	5,848	-	-	-	-	-	5,848	-
Hazard Mitigation	97.039	Hazard Mitigation 2014	222,312	75,618	-	-	16,272	48,815	65,087	26,803	-
Hazard Mitigation	97.039	FEMA-1970-DR-OK-6	601,104	190,444	-	-	2,969	8,906	11,875	181,538	-
Subtotal Federal Emergency Management Agency			2,549,774	892,409	-	-	222,527	667,580	890,107	224,829	-
<b>U.S. DEPARTMENT OF INTERIOR</b>											
<u>Passed through the Oklahoma Historical Society</u>											
Historic Preservation	15.904	11-608	28,825	1,435	-	-	-	-	-	1,435	-
Historic Preservation	15.904	12-608	21,750	8,072	-	-	-	7,930	7,930	142	-
Historic Preservation	15.904	13-608	24,500	-	24,500	-	-	18,603	18,603	5,897	-
Subtotal U.S. Department of Interior			75,075	9,507	24,500	-	-	26,533	26,533	7,474	-
Total Federal Awards			235,006,497	55,838,154	38,467,276	582,602	6,471,772	45,744,878	51,359,664	50,000,140	10,231,394

**City of Tulsa, Oklahoma**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tulsa, Oklahoma (the City) and most of the City's component units for the year ended June 30, 2014. The schedule of expenditures of federal awards does not include the federal grant activity of the Tulsa Development Authority and the Tulsa Industrial Authority, discretely presented component units of the City, and the Tulsa Stadium Trust, a blended component unit of the City. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. In the governmental funds, revenue from federal grants is recognized when they become both measurable and available. For proprietary funds, revenue from federal grants is recognized when they are earned. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred.

**City of Tulsa, Oklahoma**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014**

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<b>Number</b>	<b>Comment</b>	<b>Status</b>	<b>Corrective Action or Other Explanation</b>
None reported			

**City of Tulsa, Oklahoma**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

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**I. Summary of the Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

**Identification of major program:**

CFDA Number	Name of Federal Program or Cluster
	Federal Transit Cluster:
20.500	Federal Transit - Capital Investment Grants
20.507	Federal Transit - Formula Grants
20.507	ARRA - Federal Transit Formula Grants
66.458	OWRB Loan

Dollar threshold used to distinguish between type A and type B programs: \$1,372,346

- Auditee qualified as low-risk auditee?  Yes  No

(Continued)



**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2014**

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**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Control**

**2014-001**

Finding: There were matters that affected the June 30, 2013 financial statements of the business-type activities, One Technology Center Fund (major fund), and Arena and Convention Center Fund (major fund) that resulted in a restatement of the June 30, 2013 net position.

Criteria: The beginning net positions were restated in order to properly record commissions that had previously been reported as a prepaid expense and amortized over the life of the applicable leases. With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the fiscal year ending June 30, 2012, these assets should have been removed and net position restated.

Condition/Prevalence: The restatement resulted in decreases to prepaid expenses and beginning net position in the amounts of \$822,000, \$1,343,000 and \$2,165,000 for the One Technology Center Fund, Arena and Convention Center Fund and business-type activities, respectively.

Cause: During fiscal year 2012, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement modified the treatment of initial direct costs of operating leases and dictated that they should be recognized as an expense in the period incurred, versus previous accounting treatment as prepaid expenses to be amortized, similar to lease revenue, over the life of the lease. These costs were not properly included in the restatement of net position in the year that GASB Statement No. 65 was implemented.

Effect: There was a misstatement of prepaid expenses that resulted in a restatement of beginning business-type activities, One Technology Center Fund and Arena and Convention Center Fund net position.

Recommendation: We recommend the City implement the necessary procedures to record initial direct costs of operating leases in accordance with U.S. GAAP.

Management Response and Corrective Action Plan: We agree with the recommendation and have restated the financial statements to address the issue.

**B. Compliance Findings**

None reported

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2014**

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**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

None reported

**B. Instances of Noncompliance**

**2014-002**

**U.S. Environmental Protection Agency**  
**Passed through the State of Oklahoma Water Resources Board (OWRB)**  
**OWRB Loan (CFDA 66.458)**  
**Federal Award Year 2014**

Finding: The City did not comply with suspension and debarment requirement of OMB Circular A-133 for the Oklahoma Water Resources Board (OWRB) Revolving Loan Grant Program.

Criteria: OMB Circular A-133 dictates when a nonfederal entity enters into a contract or purchase order with an entity (vendor or subrecipient), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending \$25,000 or more in a year.

Condition: The City did not verify vendors were not suspended or debarred prior to providing them with federal funds.

Questioned Costs: None

Context: None of the vendors tested in the OWRB Revolving Loan Grant Program were verified for compliance, however our testing verified that none of the vendors selected for review were suspended or debarred.

Effect: The City is not in compliance with suspension and debarment requirements of OMB Circular A-133.

Cause: The program manager was not aware of this federal compliance requirement.

Recommendation: We recommend the City implement procedures to ensure vendors and subrecipients have not been suspended or debarred prior to entering into contracts or purchase orders for all transactions, and maintain documentation supporting this verification.

Management Response and Corrective Action Plan: Management agrees with the recommendation and will implement procedures to ensure vendors and subrecipients have not been suspended or debarred prior to entering into the contracts.

**City of Tulsa, Oklahoma**

**Corrective Action Plan  
Year Ended June 30, 2014**

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Number	Comment	Corrective Action or Other Explanation	Contact Person	Anticipated Date of Completion
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**Significant Deficiencies in Internal Control Related to the Financial Statement Audit**

**Internal Control**

2014-001	There were matters that affected the June 30, 2013 financial statements of the business-type activities, One Technology Center Fund, and Arena and Convention Center Fund that resulted in a restatement to the June 30, 2013 net position.	See corrective action plan at 2014-001	David Bryant, Controller	June 30, 2015
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**Findings and Questioned Costs for Federal Awards**

**Instances of Noncompliance**

2014-002	The City did not comply with suspension and debarment requirements of OMB Circular A-133 for the Oklahoma Water Resources Board Revolving Loan Grant Program.	See corrective action plan at 2014-002	Paul Zachary, Director of Engineering Services	June 30, 2015
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