

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2011

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**Independent Auditor's 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***

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

We have audited 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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2011. Our report contains a reference to other auditors. We conducted our audit in accordance with 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. Other auditors 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 Tulsa Convention Center as managed by SMG which are included in the financial statements of 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 auditor's 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

Management of the City of Tulsa, Oklahoma is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Tulsa, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-III-A to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-II-B to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tulsa, Oklahoma's financial statements are free of 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*.

We noted certain matters that we reported to management of the City in a separate letter dated December 13, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the audit committee, City Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Kansas City, Missouri
December 13, 2011



**Independent Auditor's Report on Compliance With Requirements that
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133
and Schedule of Expenditures of Federal Awards**

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 Tulsa Development Authority (TDA) and Tulsa Industrial Authority (TIA), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. TDA received \$356,822 in federal awards, which is not included in the schedule of expenditures of federal awards, during the year ended June 30, 2011. 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, 2011 audit. 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 during the fiscal year ending June 30, 2011 were less than \$500,000.

Compliance

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 Standard*, 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-III-C through 11-III-E.

Internal Control over Compliance

Management of the City of Tulsa, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose expressing our opinion on compliance 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 11-III-A and 11-III-B, to be significant deficiencies in internal control over compliance. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma as of and for the year ended June 30, 2011, and have issued our report thereon dated December 13, 2011. Our audit report included a reference to other auditors and an explanatory paragraph for a restatement to beginning net assets due to the City's implementation of GASB Statement No. 54, which changed the governmental funds' fund balance classifications, and a restatement of beginning fund balances due to the implementation of GASB Statement No. 61, which changed the presentation of a previously reported discretely presented component unit to a blended component unit. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted certain matters that we have reported to management in a separate letter dated December 13, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the governing body, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Kansas City, Missouri
December 13, 2011

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
U.S. DEPARTMENT OF COMMERCE										
Direct Grants:										
Disaster Economic Adjustment, Installation of Water & Sanitary Sewer Lines	11.307	08-79-04461	1,000,000	-	1,000,000	-	-	-	1,000,000	-
<u>Passed through State of Oklahoma Office of Homeland Security</u>										
Public Safety Interoperable Communications Jay upgrade Phase II	11.555	OKOHS-116.020	147,686	-	147,686	-	-	-	147,686	-
Subtotal DOC			1,147,686	-	1,147,686	-	-	-	1,147,686	-
U.S. DEPARTMENT OF ENERGY (DOE)										
Direct Grants:										
ARRA-Energy Efficiency and Sustainable Program	81.128	DE-EE0000921	3,883,500	3,843,093	-	-	-	2,916,117	976,976	2,807,623
Clean Cities Refueling Infrastructure for Alternative Fuels	81.086	DE-EE0002534	300,000	-	300,000	-	242,663	392,663	150,000	-
<u>Passed through the Oklahoma Department of Commerce</u>										
ARRA-State Energy Program	81.041	OK-13942-SSEPO9	3,651,900	3,651,900	(291,900)	-	-	-	3,360,000	-
Subtotal DOE			7,835,400	7,494,993	8,100	-	242,663	3,308,780	4,436,976	2,807,623
U.S. ENVIRONMENTAL PROTECTION AGENCY										
<u>Passed through the State of Oklahoma Department of Environmental Quality</u>										
Brownfield Area Wide Planning Pilot	66.814	11D1D1E023	175,000	-	175,000	-	-	2,798	172,202	-
<u>Passed through the State of Oklahoma Water Resources Board</u>										
Brownfield Revolving Loan Programs	66.818	2009-ARRA	200,000	-	200,000	-	-	-	200,000	-
<u>Tulsa Metropolitan Utility</u>										
ARRA - Capitalization Grant for Clean Water State Revolving Funds	66.458	ORF-09-0006-CW	2,000,000	2,000,000	-	-	-	2,000,000	-	-
ARRA - Capitalization Grant for Drinking Water State Revolving Fund	66.468	ORF-09-0007-DW	1,586,364	1,586,364	-	-	-	1,586,364	-	-
OWRB Loan	66.458	ORF-09-0001-CW	2,172,922	-	2,172,922	-	-	2,172,922	-	-
Subtotal EPA			6,134,286	3,586,364	2,547,922	-	-	5,762,084	372,202	-

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)										
Passed through Transportation Security Administration										
National Explosives Detection Canine Program	97.072	HSTS0208HCAN45 9 Modifications 4	893,000	-	91,500	-	-	91,500	-	-
Citizens Corp Program	97.053	OK-CCP 55.001	70,000	170	(170)	-	-	-	-	-
Critical Infrastructure Protection	97.073	SHSP 112.001	300,000	2,322	-	(2,322)	-	-	-	-
State Homeland Security Program Fusion Center	97.073	124.003	128,000	84,931	-	-	-	84,931	-	-
Homeland Security Fusion Center Analyst	97.073	144.004	128,000	128,000	-	-	-	32,404	95,596	-
State Homeland Security Program USAR Trailer (Urban Search and Rescue)	97.073	OK-SHSP 78.002	500,000	9,598	(2)	-	-	9,596	-	-
Mass Notification System	97.073	SHSP 123.001	300,000	300,000	(300,000)	-	-	-	-	-
Critical Infrastructure Protection	97.073	SHSP 123.002	600,000	511,914	-	(5,446)	-	506,468	-	-
Crime and Intelligence Analyst	97.073	SHSP 240.013	144,000	-	144,000	-	-	-	144,000	-
State Homeland Security Program IOC Multi-State Project/JJ #5	97.073	125.001	250,000	250,000	-	-	-	-	250,000	-
Buffer Zone Protection Program (BZPP)	97.078	BZPP 92-002	96,189	2,529	-	(2,529)	-	-	-	-
UASI-Tulsa Urban Area Initiative	97.073	144.004	127,000	-	127,000	-	-	-	127,000	-
Assistance to Firefighters Grant Program	97.044	09651	269,527	-	269,527	-	64,805	324,026	10,306	-
Fema SAFER Grant	97.044	00453	4,238,856	-	4,238,856	-	-	272,393	3,966,463	-
Fema SAFER Grant (80/20)	97.044	09181	246,000	-	246,000	-	-	-	246,000	-
Multi-hazard Mitigation - Historic Preservation	97.047	2007-004	150,000	284	-	-	-	284	-	-
Subtotal DHS			8,440,572	1,289,748	4,816,711	(10,297)	64,805	1,321,602	4,839,365	-
U.S. DEPARTMENT OF JUSTICE (DOJ)										
Direct Grants:										
Forfeiture Proceeds	16.XXX	OK00720500	892,647	365,207	77,584	-	-	67,861	374,930	-
Tulsa Gun Crime Intervention Project	16.580	2007-DD-BX-0629	275,000	568	-	(568)	-	-	-	-
Grants to Encourage Arrest	16.590	2006-WE-AX-0075	1,149,990	586,387	-	-	-	414,410	171,977	-
Bulletproof Vest Replacement	16.607	10.331	10,331	4,828	-	-	-	-	4,828	-
Bulletproof Vest Replacement	16.607	BA-3A00S-SM01	22,852	-	22,852	-	-	-	22,852	-
Meth 360 Program	16.710	2005-CK-WX-0407	10,000	3,577	-	(3,577)	-	-	-	-
ARRA-Community Oriented Policing Services (COPS)	16.710	2009-RJ-WX-0073	3,505,446	2,631,781	200,000	-	-	1,160,039	1,671,742	-
Hiring Recovery Program (CHRP)	16.710	2010-UL-WX-0019	4,485,828	-	4,485,828	-	-	544,004	3,941,824	-
COPS Hiring Program	16.710	2010-CK-WX-0317	200,000	-	200,000	-	-	-	200,000	-
COPS Technology Grant	16.741	2009-DN-BX-K090	207,905	184,872	(10)	-	-	184,862	-	-
FY10 Forensic DNA Backlog Reduction Program	16.741	2010-DN-BX-K079	317,089	-	317,089	-	-	4,008	313,081	-

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Federal CFDA Number	Awarding Agency/Program Description	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
Passed through the Tulsa County Sheriff's Office										
16.738	JAG	2006-DJ-BX-0562	348,387	6,227	(6,227)	-	-	-	-	-
16.738	JAG	2007-DJ-BX-0794	516,367	300,439	(9,584)	-	23,298	314,153	-	-
16.738	JAG	2008-DJ-BX-0634	220,363	9,878	10,757	-	-	18,213	2,422	-
16.738	JAG	2009-DJ-BX-1222	739,943	583,351	-	-	-	476,125	107,226	3,484
16.738	JAG	2010-DJ-BX-0680	665,464	-	665,464	-	-	69,496	595,968	-
16.804	ARRA - 2009 Recovery Act JAG	2009-SB-89-3102	3,136,932	2,421,822	(1)	-	-	2,239,549	182,272	336,951
Passed through the Oklahoma State Bureau of Investigation										
16.523	Oklahoma Internet Crimes Against Children	2008-MC-CX-K022	8,100	1,241	-	-	-	220	1,021	-
Passed through the State District Attorney Council										
16.579	Multi-Agency Gang Task Force	AGN07-002	76,189	68	(68)	-	-	-	-	-
16.588	Domestic Violence Nurse Examiner Program	V08-026	49,651	11,139	(11,139)	-	-	-	-	-
16.588	ARRA-Violence Against Women	VR09-019	63,373	42,331	-	-	-	42,331	-	-
16.588	2009 VAWA SANE Education Project	VR09-036	5,900	5,143	(133)	-	-	5,010	-	-
16.588	2010 VAWA SANE Education Project	VR10-035	5,900	-	5,900	-	-	932	4,968	-
16.609	2009 Project Safe Neighborhoods Grant	PSNN09-002	22,316	19,083	-	-	-	19,083	-	-
16.609	2010 Project Safe Neighborhoods Grant	PSNN10-002	34,278	-	34,278	-	-	3,219	31,059	-
16.575	2010 VOCA Subgrant	10-090	26,000	-	26,000	-	6,500	30,988	1,512	-
16.742	National Forensic Science Improvement Act Grant	FSFD07-006	39,656	12,539	-	-	-	-	12,539	-
16.742	National Forensic Science Improvement Act Grant	FSFD08-005	24,640	4,874	-	-	-	-	4,874	-
16.742	National Forensic Science Improvement Act Grant	FSF09-005	34,502	24,192	-	-	-	24,192	-	-
16.742	National Forensic Science Improvement Act Grant	FSF10-005	82,347	-	82,347	-	-	33,819	48,528	-
16.803	ARRA - Recovery Act Justice Assistance Grant	JR09-038	74,689	74,689	74,689	-	-	136,735	12,643	136,735
Subtotal DOJ			17,252,085	7,294,236	6,175,626	(4,145)	29,798	5,789,249	7,706,266	477,170

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

Direct Grants:

14.218	CDBG Year 35	B-10-MC-40-0004	15,095,129	4,355,450	3,980,314	1,639,527	695,184	2,932,308	7,738,167	1,580,311
14.218	CDBG Revolving Loan Fund		-	2,522,045	-	(1,337,527)	335,476	-	1,519,994	-
14.239	HOME	M-10-MC-40-0202	13,666,928	7,562,942	2,320,119	-	2,236	1,286,043	8,599,254	1,033,221
14.231	Emergency Shelter	S-05-MC-40-0001	165,024	861	(861)	-	-	-	-	-
14.231	Emergency Shelter	S-06-MC-40-0001	163,600	1,989	(1,989)	-	-	-	-	-
14.231	Emergency Shelter	S-07-MC-40-0001	164,183	40	(40)	-	-	-	-	-
14.231	Emergency Shelter	S-08-MC-40-0001	163,150	116	(116)	-	-	-	-	-
14.231	Emergency Shelter	S-10-MC-40-0001	324,053	74,432	(74,432)	-	-	-	-	-
14.231	Emergency Shelter	S-10-MC-40-0001	161,800	-	236,232	-	-	178,616	57,616	170,513
14.241	Housing Opportunities for Persons with AIDS	OKH10F002	667,353	162,083	342,706	-	-	293,727	211,062	280,271
14.253	ARRA-CDBG Recovery	B-09-MY040-0004	989,720	751,346	-	-	-	177,720	573,626	23,308
14.257	ARRA-Homeless Prevention and Rapid Re-Housing Program	S-09-MY-40-0001	1,513,504	616,334	-	-	-	485,484	130,850	450,584
Subtotal HUD			33,074,444	16,047,638	6,801,933	302,000	1,032,896	5,353,898	18,830,569	3,538,208

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
U.S. DEPARTMENT OF LABOR (DOL)										
Passed through Oklahoma Employment Security Commission										
Trade Adjustment Assistance	17.245	170-027	300,000	297,293	(297,293)	-	-	-	-	-
WIA Title I-Youth	17.259	Youth	833,403	259,853	(238,721)	-	-	21,132	-	16,825
WIA Title I-Adult	17.258	Adult-13811	138,051	79,436	-	-	-	79,436	-	79,436
WIA Title I-Adult	17.258	Adult-14000	657,298	251,153	(299,579)	-	-	(48,426)	-	(69,897)
WIA Title I-Dislocated Worker	17.260	DLW-13812	152,053	21,963	(2,897)	-	-	19,066	-	12,991
WIA Title I-Dislocated Worker	17.260	DLW-14001	383,935	150,557	(153,859)	-	-	(3,302)	-	37
Subtotal DOL			2,464,740	1,060,255	(992,349)	-	-	67,906	-	39,392

U.S. DEPARTMENT OF TRANSPORTATION (DOT)

Direct Grants:

Airfield Drainage	20.106	3-40-0098-12	273,375	5,719	(5,719)	-	-	-	-	-
RVS - MASTERPLAN	20.106	3-40-0098-13	370,647	2,719	(2,719)	-	-	-	-	-
RVS- EASEMENTS	20.106	3-40-0098-14	202,500	68,186	(68,186)	-	-	-	-	-
RVS- Drainage Improvement- Phase 1	20.106	3-40-0098-15	1,178,154	106,018	(106,018)	-	-	-	-	-
RVS- Drainage Improvement- Phase 1B, 2 & 3	20.106	3-40-0098-16	3,258,573	-	-	-	-	-	-	-
RVS-Southeast Stormsewer Phase III	20.106	3-40-0098-17	1,887,264	79,812	(79,812)	-	-	-	-	-
RVS-Perimeter Fencing (RSAT Initiative - Phase I)	20.106	3-40-0098-18	147,190	-	5,862	-	309	6,171	-	-
RVS-Rehabilitate Taxiways & Roadways	20.106	3-40-0098-19	47,244	8,940	-	-	-	-	8,940	-
Taxiway November	20.106	3-40-0098-20	105,475	-	-	-	-	-	-	-
Noise Mitigation	20.106	3-40-0098-21	48,693	-	-	-	-	-	-	-
Terminal Building Expansion	20.106	3-40-0098-22	88,212	-	-	-	-	-	-	-
Rehabilitate Taxiways & Taxiilanes	20.106	3-40-0098-23	1,608,054	1,509,227	-	-	75,025	1,500,518	83,734	-
Noise Mitigation	20.106	3-40-0099-47	6,000,000	-	-	-	-	-	-	-
Baggage Conv & ARFF Vehicles	20.106	3-40-0099-49	4,000,000	37,504	(37,504)	-	-	-	-	-
Noise Mitigation	20.106	3-40-0099-50	6,298,000	-	-	-	-	-	-	-
REHABILITATE RUNWAY 18R/36L	20.106	3-40-0099-52	1,976,876	11,630	(11,630)	-	-	-	-	-
Taxiway C Extension	20.106	3-40-0099-53	2,762,399	279	(279)	-	-	-	-	-
Taxiway E Extension	20.106	3-40-0099-55	6,768,750	-	-	-	-	-	-	-
Extension of Taxiway Charlie (East)	20.106	3-40-0099-56	1,557,685	-	-	-	-	-	-	-
Noise Mitigation with Sales Assistance	20.106	3-40-0099-57	7,000,000	617,000	(617,000)	-	-	-	-	-
Airfield Electrical Improvements	20.106	3-40-0099-58	4,132,805	-	-	-	-	-	-	-
Taxiway November - Phase II	20.106	3-40-0099-59	7,065,450	-	-	-	-	-	-	-
Rehabilitate Runway 8-26 & Taxiways Charlie & Lima	20.106	3-40-0099-60	7,016,319	156,785	-	-	-	-	156,785	-
North Development Area Taxiways - Phase I	20.106	3-40-0099-62	1,181,357	1,157	-	-	(5)	(109)	1,261	-
Upgrade ARFF Equipment (HPR 6X6)	20.106	3-40-0099-63	2,001,112	-	-	-	-	-	-	-
Acquire Runway Protection Zone for Runway 8	20.106	3-40-0099-64	6,930,000	115,379	-	-	(86)	(1,712)	117,005	-
North Development Area Taxiways - Phase II	20.106	3-40-0099-65	1,400,329	53,799	-	-	-	-	53,799	-
Extend Taxiilane NA - Phase 8	20.106	3-40-0099-66	144,576	-	-	-	-	-	-	-
Acquire (Hangers) Runway Protection Zone	20.106	3-40-0099-67	2,250,000	41,015	-	-	1,556	31,125	11,446	-
North Development Area Taxiways - Phase 2	20.106	3-40-0099-68	1,696,680	50,008	-	-	-	-	50,008	-
Extend Taxiilane NA - Phase 8	20.106	3-40-0099-69	836,000	35,966	-	-	-	-	35,966	-
Noise Mitigation 2010	20.106	3-40-0099-70	6,930,000	5,078,170	-	-	182,610	3,652,200	1,608,580	-

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
New Snow Removal Equipment & Surface Condition Sensors	20.106	3-40-0099-71	790,798	10	(10)	-	-	-	-	-
RW18L-36R & TW J Pavement Replacement Phase 1	20.106	3-40-0099-72	1,421,625	315,904	-	-	11,691	233,827	93,768	-
Runway 26 MALSR	20.106	3-40-0099-73	268,333	12,505	-	-	235	4,703	8,037	-
Memorial Drive Realignment & Water Line Improvement	20.106	3-40-0099-74	1,096,269	980,988	-	-	49,951	999,016	31,923	-
Noise Mitigation 2010	20.106	3-40-0099-75	6,930,000	6,930,000	-	-	69,905	1,398,096	5,601,809	-
Collect Airport Data for Airports Geographic Informatic	20.106	3-40-0099-76	602,667	-	602,067	-	14,441	288,822	327,686	-
Wildlife Hazard Assessment	20.106	3-40-0099-77	79,201	-	79,201	-	2,385	47,698	33,888	-
Rehabilitate Runway 18L/36R- Phase 3	20.106	3-40-0099-78	8,524,008	-	8,524,008	-	323,334	6,466,670	2,380,672	-
			106,876,620	16,218,720	8,282,261	-	731,351	14,627,025	10,605,307	-
URBAN MASS TRANSIT ADMINISTRATION										
Capital Projects	20.500	OK-04-0006	245,000	114,120	-	-	-	-	114,120	-
Capital Projects	20.507	OK-03-X024	4,296,800	103,875	-	-	25,968	129,843	-	-
Capital Projects	20.507	OK-03-X041	1,943,557	1,104,803	-	-	276,201	1,381,004	-	-
Capital and Planning Projects	20.507	OK-39-0001	137,600	58,086	-	-	8,635	43,176	23,545	-
Capital and Planning Projects	20.507	OK-90-X087	5,764,000	416,266	-	-	26,803	135,478	307,591	-
American with Disabilities Act (ADA)	20.507	OK-90-X095	6,953,449	488,116	-	-	31,364	156,821	362,659	-
Capital and Planning Projects	20.507	OK-90-X100	6,465,926	4,326,469	-	-	1,531,258	5,520,542	337,185	-
Capital and Planning Projects	20.507	OK-95-X003	100,000	3,426	550,000	-	20,576	187,871	386,131	-
ARRA - Capital and Planning Projects	20.507	OK-96-X003	8,853,448	8,748,508	-	-	583,750	2,922,699	6,409,559	-
Capital and Planning Projects	20.500	OK-04-0011-00	712,500	-	712,500	-	-	-	712,500	-
Capital and Planning Projects	20.507	OK-90-X104	6,595,908	-	6,595,908	-	540,205	2,701,023	4,435,090	-
Capital and Planning Projects	20.516	OK-37-X037-00	356,969	-	356,969	-	535,454	892,423	-	-
Capital and Planning Projects	20.519	OK-58-0001-00	2,500,000	-	2,500,000	-	7,180	35,900	2,471,280	-
3rd-4th Denver-Detroit Streetscape	20.500	OK-03-0022	2,475,787	18,323	(83)	-	-	18,240	-	-
			47,400,944	15,381,992	10,715,294	-	3,587,394	14,125,020	15,559,660	-
Passed through the Indian Nations Council of Government										
CMAQ Public Fleet Conversion Grant	20.205	CMA-172E(262)IG	60,046	14,504	(14,504)	-	-	-	-	-
CNG Auto - Motor Pool City Hall	20.205	28577(CC)	30,000	-	30,000	-	13,882	43,882	-	-
CNG Auto -Refuse Truck	20.205	CMA-172E(422)IG	50,000	-	50,000	-	-	50,000	-	-
			140,046	14,504	65,496	-	13,882	93,882	-	-
Passed through the Oklahoma Department of Transportation										
Creek Turnpike Trail Ext	20.205	STP-172E(157)EH	1,008,574	779	(779)	-	-	-	-	-
Transportation EnhancementProject-144 Pedestrian Tr	20.205	2(392)229EH	250,000	60,337	-	-	-	-	60,337	-
Brady Village Plan Impl.	20.205	1	1,481,159	17,006	(1)	17,445	-	34,450	-	-
Cherry Creek Trail Project	20.205	STP-172E(224)EH	334,929	334,929	-	-	-	-	334,929	-
Traffic Signals Communication Systems	20.205	172A(222)IG	582,700	92,070	-	-	-	1,015	91,055	-
US-169 at 21st Street	20.205	30N(006)P/11031	14,073	14,073	-	-	-	-	14,073	-
Gilcrease Expressway Right of Way Acquisition	20.205	STP-172A(335)IG	4,400,000	930,176	-	-	116,512	582,561	464,127	-
Gilcrease Expressway Edison to LL Tisdale	20.205	157A(144)IG/STP-	10,900,000	4,986,845	4,900,000	-	92,557	462,786	9,516,616	-
Gilcrease West N 41st W Ave to LL Tisdale	20.205	157A(144)IG/STP-	7,644,206	-	7,644,206	-	-	-	7,644,206	-
Bikeway Signal Actuation	20.205	172D(329)G	105,000	2,834	-	-	-	-	2,834	-

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
Traffic Signal Pre-emption System	20.205	172F(023)IG	100,000	100,000	-	-	-	-	100,000	-
Mingo Creek Trail 61st to 81st	20.205	TCSP-0H68(006)SG	132,267	132,267	-	-	41,334	165,334	8,267	-
Mingo Creek Trail 11th to Mingo	20.205	STP-172E(290)EH	648,000	580,946	-	-	56,179	224,715	412,410	-
Mingo Creek Trail 71st to 81st	20.205	STP172E(291)EH	312,750	280,045	-	-	93,349	373,394	-	-
Utility Relocation 1-44 & 193rd	20.205	2(419)239	3,525,200	3,342,860	-	-	-	-	3,342,860	-
I44 Riverside Drive to Yorktown Ave - Sewer	20.205	NHIY-0044-	2,421,881	2,421,881	-	-	-	-	2,421,881	-
I44 Riverside Drive to Yorktown Ave - Water	20.205	NHIY-0044-	1,882,163	1,882,163	-	-	-	-	1,882,163	-
Mingo Creek Trail - Admiral Place to 1-244	20.205	STP-172E(379)EH	660,000	-	591,131	-	-	-	591,131	-
Mingo Creek Trail - Mingo Road to Admiral Place	20.205	STP-172E(380)EH	412,500	-	369,457	-	-	-	369,457	-
Mingo Creek Trail - 71st to 61st	20.205	172E(404)TI	1,816,722	72,146	1,744,576	-	67,045	268,182	1,615,585	-
Railroad at 33 West Avenue	20.205	STP-172D(377)RR	201,156	201,156	-	-	-	-	201,156	-
Route 66 Cultural Crossroads Project	20.205	SB-0197(010)DC	385,000	354,856	-	-	-	-	354,856	-
Midland Valley Trail Improvements	20.205	STP-172E(474)EH	600,000	39,572	470,000	-	28,493	56,985	481,080	-
Secure Bike Racks for Central Business District	20.205	CMA-172E(469)IG	62,500	62,500	-	-	-	-	62,500	-
John Hope Franklin	20.205	STP-172E(476)EH	34,400	-	34,400	-	7,298	36,488	5,210	-
Tulsa County Safe Routes	20.205	SRS-155F(710)ST	150,700	-	150,700	-	2,000	8,145	144,555	-
Joe Trail Riverside	20.205	STP-172E(473)EH	60,000	-	60,000	-	11,238	56,191	15,047	-
Passed through the State of Oklahoma Highway Safety Office			40,125,880	15,909,441	15,963,690	17,445	516,005	2,270,246	30,136,335	-
FY08 Traffic Enforcement	20.600	PT-08-03-30-12 /	167,500	6,593	(6,593)	-	-	-	-	-
Tulsa Traffic and Alcohol Enforcement	20.600	K8-08-03-07-01 /	118,000	15,947	(15,947)	-	-	-	-	-
FY09 Traffic Enforcement	20.600	09-03-13-02	90,000	38,803	(1,437)	-	-	37,366	-	-
FY10 Traffic Enforcement	20.600	03	90,000	-	90,000	-	-	42,231	47,769	-
		PT-11-03-28-04	465,500	61,343	66,023	-	-	79,597	47,769	-
Subtotal DOT			195,008,990	47,586,000	35,092,764	17,445	4,848,632	31,195,770	56,349,071	-

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

Passed through the State of Oklahoma Dept of Civil Emergency Management										
Citizen Corps Supplemental FY2002	83.XXX		1,000	132	(132)	-	-	-	-	-
Hazard Mitigation HMGP	97.039	FEMA-1355-DR-OK	809,636	107,222	(107,222)	-	-	-	-	-
Hazard Mitigation HMGP-Fld Acquisition	97.039	Project #130	606,313	160,398	(160,398)	-	-	-	-	-
Hazard Mitigation HMGP	97.039	FEMA-1401-DR-OK	216,450	8,164	(8,164)	-	-	-	-	-
Hazard Mitigation HMGP-ACQUISITION/DEMOLITION (97.039	Project #0086	190,358	-	190,358	-	-	-	190,358	-
Hazard Mitigation HMGP-DRAINAGE (75/25)	97.039	Project #0091	1,500,000	-	1,500,000	-	10,936	43,746	1,467,190	-
February 2011 Storm	97.036	1985-RPA-0036	519,411	-	519,411	-	173,137	692,548	-	-
Subtotal FEMA			3,843,168	275,916	1,933,853	-	184,073	736,294	1,657,548	-

CITY OF TULSA, OKLAHOMA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Year Ended June 30, 2011

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2010	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Expenditures	Unexpended Balance as of June 30, 2011	Amounts Provided to Subrecipients FYE June 30, 2011
US DEPARTMENT OF INTERIOR										
<u>Passed through Oklahoma Tourism and Recreation Department</u>										
Vision 2025 Centennial Walk Phase 2	15.916	40-01131	155,000	140,016	-	-	-	-	140,016	-
<u>Passed through the Oklahoma Historical Society</u>										
Historic Preservation	15.904	09-608	13,000	1,576	7,580	-	-	9,156	-	-
Historic Preservation	15.904	10-608	29,100	-	29,100	-	-	15,726	13,374	-
<u>Passed through the Oklahoma Department of Agriculture</u>										
2006 Highway Tree Program	20.205	TEA21 06-03	15,700	700	(700)	-	-	-	-	-
Subtotal DOI			212,800	142,292	35,980	-	-	24,882	153,390	-
			\$ 275,414,171	\$ 84,777,442	\$ 57,568,226	\$ 305,003	\$ 6,402,867	\$ 53,560,465	\$ 95,493,073	\$ 6,862,393

City of Tulsa, Oklahoma

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

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 its discretely presented component units for the year ended June 30, 2011. 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, 2011**

Number	Comment	Status	Corrective Action or Other Explanation
Material Weaknesses and Significant Deficiencies in Internal Control			
10-II-A	The City does not have an adequate system for identification and reporting of capital assets and depreciation expense, and ensuring that assets are appropriately capitalized in the same year as they are purchased. In addition, there is an inadequate system for identifying and recording retainage payable accruals.	Not corrected	See current year finding at 11-II-A.
10-II-B	There were matters that materially affected the June 30, 2009 Stormwater Management proprietary major fund and governmental activities financial statements and resulted in a restatement to the related June 30, 2009 net assets.	Corrected	
10-II-C	There were matters that materially affected the June 30, 2009 financial statements of the Tulsa Parking Authority, a discretely presented component unit of the City, and resulted in a restatement to the related June 30, 2009 net assets.	Corrected	
10-II-D	There were matters that materially affected the June 30, 2009 financial statements of the Tulsa Development Authority, a discretely presented component unit of the City, and resulted in a restatement to the related June 30, 2009 net assets.	Corrected	
10-II-E	There were adjustments made to the trial balance presented to us to begin our audit of the Tulsa Development Authority, that significantly affected year-end balances of certain general ledger accounts.	Not corrected	See current year finding at 11-II-B.
10-II-F	There were audit adjustments made to certain non-exchange revenue transactions (grant revenues) made as a part of the audit process in order to properly recognize revenue in accordance with applicable accounting standards.	Corrected	
10-II-G	There were adjustments made to the trial balances presented to us to begin our audit of the City, that significantly affected year-end balances of certain general ledger accounts.	Corrected	
Compliance Findings			
10-II-H	Tulsa Metropolitan Utility Authority, a discretely presented component unit of the City, was not in compliance with certain covenants contained in the Tulsa Metropolitan Utility Authority's water and sewer promissory notes.	Corrected	
10-II-I	Tulsa Public Facilities Authority, a blended component unit of the City, was not in compliance with certain covenants contained in the Tulsa Public Facility Authority's leasehold revenue bonds.	Corrected	

(Continued)

City of Tulsa, Oklahoma

Summary Schedule of Prior Audit Findings (Continued)

Year Ended June 30, 2011

Number	Comment	Status	Corrective Action or Other Explanation
Findings Related to Federal Awards			
Significant Deficiencies and Material Weaknesses in Administering Federal Awards			
10-III-A	The City does not have a centralized location in which program compliance requirements of the Highway Planning and Construction Grants are tracked and monitored.	Not corrected	See current year finding at 11-III-A.
10-III-B	The City does not have an adequate system for ensuring that certain compliance requirements of the HOME Investment Partnership Program and Community Development Block Grant Program are being met.	Not corrected	See current year finding at 11-III-B.
10-III-C	The City, in performing the accounting function on behalf of one of its subrecipients, TDA, does not have adequate procedures in place to ensure the program income received on behalf of TDA is collected, recorded and submitted to the DGA in accordance with contract provisions.	Corrected	
10-III-D	The City, as grantee of the HOME program, does not have an adequate system in place to ensure the program income is received from one of its subrecipients and that it is properly monitored, recorded and reported.	Corrected	
10-III-E	The City did not comply with subrecipient monitoring requirements of Circular A-133 relating to the JAG Program.	Corrected	
10-III-F	The City did not comply with cash management requirements of the JAG Program.	Corrected	
10-III-G	The City does not have an adequate system in place to obtain time and effort certifications for employees who are expected to work solely on a single Federal award.	Corrected	
Instances of Noncompliance			
10-III-H	The Metropolitan Tulsa Transit Authority, a discretely presented component unit of the City, did not perform the pre-award and post-delivery audits of rolling stock (bus) purchases to verify the accuracy of the Buy America certifications.	Corrected	

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
- 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 None Reported

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

- 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
	Community Development Block Grant Cluster:
14.218	Community Development Block Grants/Entitlement Grants
14.253	ARRA - CDBG Recovery
16.710	ARRA-COPS Hiring Recovery Program/COPS Hiring Program
	JAG Program Cluster:
16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) Program
16.803	ARRA - Recovery Act - Edward Byrne JAG Program
16.804	ARRA - Recovery Act - Edward Byrne JAG Program
20.205	Highway Planning and Construction
	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	ARRA - Capitalization Grant for Clean Water State Revolving Funds/OWRB Loan
66.468	ARRA - Capitalization Grant for Drinking Water State Revolving Funds
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$1,606,814

Auditee qualified as low-risk auditee? Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

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

A. Material Weaknesses and Significant Deficiencies in Internal Control

11-II-A

Finding: The City does not have an adequate system for identification and reporting of capital assets and depreciation expense. The City also does not have an adequate system in place to ensure that assets are appropriately capitalized in the same year as they are purchased. In addition, there is an inadequate system for identifying and recording retainage payable accruals.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition/Prevalence: Not all capital assets are maintained in the Barscan system (the City's system for accounting for capital assets); certain items are maintained and reconciled outside the system. Periodic reconciliations of capital asset records and reviews of capital asset lives, accumulated depreciation and depreciation expense are not being performed. In addition, the City does not calculate and record depreciation expense on the date that construction in process assets are placed into service. For the City, the net difference between the Barscan system and the general ledger is approximately \$20 million, not including the differences for the construction in process placed in service during the current year, which are not added to the Barscan system until the subsequent fiscal year. As a result of the above deficiencies, there were certain material adjusting and reclassifying entries made to capital assets, depreciation expense, accumulated depreciation and retainage payable balances that were proposed during the audit.

Cause: The City does not have an adequate system for proper identification of capital assets and classification of capital assets and the related depreciation expense, accumulated depreciation and retainage payable accrual balances.

Effect: Potential material misstatements in the financial statements could occur and not be prevented or detected in a timely manner.

Recommendation: We recommend that the City implement the necessary procedures to verify that all assets, as well as the related accumulated depreciation and depreciation expense are recorded in the Barscan system and are reviewed for completeness and accuracy on a periodic basis. We also recommend that construction in process assets are entered into the Barscan system as of the date in which they are placed in service and that retainage payables are properly identified and recorded by the City at year-end.

Response and Corrective Action Plan: We agree with the recommendation and continue to devote resources to address this finding.

(Continued)

City of Tulsa, Oklahoma

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

11-II-B

Finding: Tulsa Development Authority (TDA), a discretely presented component unit of the City, does not have an adequate system for identification and reporting of notes receivables, and ensuring that they are appropriately capitalized in the year payments are provided to developers.

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting.

Condition/Prevalence: There was an audit adjustment for \$428,000 to increase notes receivable for payments to developers that were incorrectly recorded as an expense.

Cause: TDA does not have an adequate system for recording and tracking of notes receivable balances.

Effect: Misstatements of notes receivable and expenses occurred in the current fiscal year.

Recommendation: We recommend that a process is put in place to properly identify, record and track notes receivable. There should be a central location that has the detail of all notes receivables outstanding and that tracks the principal and interest payments on the outstanding notes.

Response and Corrective Action Plan: We agree with the recommendation. We are developing an action plan to address this finding and assigning resources consistent with the recommendation.

B. Compliance Findings

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

11-III-A

**U.S. Department of Transportation
Passed through the Oklahoma Department of Transportation
Highway Planning and Construction (CFDA 20.205)
Federal Award Years 2009 - 2011**

Finding: The City does not have a centralized location in which program compliance requirements of the Highway Planning and Construction Grants are tracked and monitored.

Criteria: Management is responsible for establishing and maintaining effective internal control over grant compliance.

Condition: Effective grant compliance requires that personnel administering grant programs and related financial reporting have a working knowledge of the grant-related compliance requirements. The City generally has a decentralized grant administration system whereby grant administration is spread throughout various departments and functions. The City continues to make efforts to centralize the function of grants administration, but pieces still remain in various departments and or functions.

(Continued)

City of Tulsa, Oklahoma

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

Context: A strong knowledge of grant compliance requirements is important to effective management of grant programs in compliance with related requirements.

Effect: Potential noncompliance with grant requirements and the need to refund grant dollars that have not been properly expended.

Cause: Staffing levels and/or organizational structure may not currently be sufficient to support effective management and oversight of grant compliance.

Recommendation: We recommend that the City consider further centralization of grant administration.

Response and Corrective Action Plan: We agree with the recommendation and intend to expand on the centralization of grant administration as it becomes feasible.

11-III-B

U.S. Department of Housing and Urban Development

Direct

HOME Investment Partnership Program (CFDA 14.239)

Community Development Block Grant/Entitlement Grants (CFDA 14.218)

ARRA – CDBG Recovery (CFDA 14.253)

Federal Award Year 2010 - 2011

Finding: The City does not have an adequate system for ensuring that certain compliance requirements of the HOME Investment Partnership and CDBG programs are being met.

Criteria: Management is responsible for establishing and maintaining effective internal control over grant compliance.

Condition: The City had not effectively performed timely reconciliations of applicable grant-related general ledger accounts, including program income, to the Integrated Disbursement and Information System (IDIS). Failure to reconcile the IDIS and general ledger may place the City in noncompliance with grant requirements.

Context: Timely reconciliation of IDIS to general ledger accounts is important to managing grant compliance and grant-related cash flows.

Effect: Potential noncompliance with grant requirements and increased likelihood of delayed receipt of grant funding.

Cause: Staffing levels and/or skill sets may not currently be sufficient to support the function preparing timely and accurate reconciliations of IDIS and general ledger.

Recommendation: We recommend that the City establish a procedure to appropriately allocate funds before grant expenditures are incurred. In addition, resources should be allocated to perform the reconciliation of IDIS and general ledger.

Response and Corrective Action Plan: We agree with the recommendation. During the year the City allocated resources and implemented procedures to reconcile the IDIS and General Ledger systems and will continue to improve the timing of these reconciliations.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

B. Instances of Noncompliance

11-III-C

**U.S. Department of Housing and Urban Development
Direct**

**Community Development Block Grant/Entitlement Grants (CFDA 14.218)
ARRA – CDBG Recovery (CFDA 14.253)
Federal Award Year 2010 - 2011**

Finding: Through an audit performed over the City's CDBG Recovery Act funding (CDBG-R) during fiscal year 2011, the U.S. Office of Inspector General (OIG) reported that the City did not properly manage its funding under this program in regards to the selection and monitoring of a certain subrecipient of grant CDBG-R funding.

Criteria: Management of the City is responsible for establishing and maintaining effective internal controls over grant compliance and over the monitoring of subrecipients.

Condition: The OIG's report stated that the City selected a subrecipient that did not have the capacity to complete the project within the required time limit and that the City did not adequately monitor the activity of this subrecipient. In addition, the report indicates that the subrecipient paid \$49,089 on an agreement without a formal written contract.

Questioned Costs: \$49,089

Context: A strong knowledge of grant requirements and effective monitoring of subrecipients are important to effective managements of grant programs.

Effect: The OIG's report includes the impact that the finding may have on the City, including the potential for being exposed to future liabilities in relation to this project.

Cause: The City did not have an adequate system in place to ensure that it followed federal and City requirements.

Recommendation: The OIG's report recommends the corrective action that should be taken by the City, and includes such items as improving the controls over selecting and monitoring subrecipients and providing support or repaying the \$49,089 that the subrecipient paid on an agreement without a formal written contract. We recommend that the City take corrective action to address the recommendations communicated by the OIG.

Response and Corrective Action Plan: The City agrees with this finding. We will implement recommendations communicated by the OIG.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

11-III-D

U.S. Department of Housing and Urban Development
Direct
Community Development Block Grant/Entitlement Grants (CFDA 14.218)
ARRA – CDBG Recovery (CFDA 14.253)
Federal Award Year 2010 – 2011

U.S. Department of Energy
Direct
ARRA – Energy Efficiency and Sustainable Program (EECBG) (CFDA 81.128)
Federal Award Year 2010 - 2011

Finding: The City did not comply with subrecipient monitoring requirements of OMB Circular A-133 for the CDBG and EECBG grant programs.

Criteria: The Office of Management and Budget (OMB) Circular A-133 dictates sufficient during-the-award monitoring be performed over all subrecipients receiving federal funds. It also dictates for ARRA subawards to first-tier subrecipients, the pass-through entity must assess that subrecipient's compliance with CCR registration.

Condition: The City is not performing all required steps required for appropriate monitoring of subrecipients. The City did not assess whether all subrecipients receiving ARRA funds were properly in compliance with CCR registration requirements prior to providing them with federal funds.

Questioned Costs: None

Context: One subrecipient (receiving approximately \$450,000 in federal funds) from the CDBG program were not verified for CCR registration compliance, and two subrecipients (receiving approximately \$2,000,000 in federal funds) from the EECBG program were not verified for CCR registration compliance.

Effect: The City is not in compliance with subrecipient monitoring requirements of OMB Circular A-133.

Cause: The City did not have an adequate system in place to ensure that it followed federal requirements for all subrecipient contracts.

Recommendation: We recommend the City implement procedures to ensure all subrecipients receiving ARRA subawards are in compliance with CCR registration requirements prior to entering into contracts, and maintain documentation supporting this verification.

Response and Corrective Action Plan: The City has implemented procedures to verify all subrecipients receiving ARRA subawards are in compliance with CCR registration requirements.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

11-III-E

U.S. Department of Housing and Urban Development
Direct
Community Development Block Grant/Entitlement Grants (CFDA 14.218)
ARRA – CDBG Recovery (CFDA 14.253)
Federal Award Year 2010 – 2011

U.S. Department of Energy
Direct
ARRA – Energy Efficiency and Sustainable Program (EECBG) (CFDA 81.128)
Federal Award Year 2010 - 2011

Finding: The City did not comply with suspension and debarment requirements of OMB Circular A-133 for the CDBG and EECBG grant programs.

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 all vendors and subrecipients were not suspended or debarred prior to providing them with federal funds.

Questioned Costs: None

Context: Two subrecipients (receiving approximately \$90,000 in federal funds) from the CDBG program were not verified for compliance, and two subrecipients (receiving approximately \$2,000 in federal funds) from the EECBG program were not verified for compliance.

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

Cause: The City did not have an adequate system in place to ensure that it followed federal requirements for all subrecipient contracts.

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

Response and Corrective Action Plan: The City has implemented procedures to verify all subrecipients receiving federal funds are not suspended or debarred from such activity prior to entering into contracts.

City of Tulsa, Oklahoma

**Corrective Action Plan
Year Ended June 30, 2011**

Number	Comment	Corrective Action or Other Explanation	Contact Person	Anticipated Date of Completion
Material Weaknesses and Significant Deficiencies in Internal Control				
11-II-A	The City does not have an adequate system for identification and reporting of capital assets and depreciation expense, and for ensuring that assets are appropriately capitalized in the same year as they are purchased. In addition, there is an inadequate system for identifying and recording retainage payable accruals.	See corrective action plan at 11-II-A	David Bryant, Controller	June 30, 2012
11-II-B	TDA does not have an adequate system in place for identification and reporting of notes receivable, and ensuring that they are appropriately capitalized in the year payments are provided to developers.	See corrective action plan at 11-II-B	David Bryant, Controller	June 30, 2012
Findings Related to Federal Awards				
Significant Deficiencies in Administering Federal Awards				
11-III-A	The City does not have a centralized location in which program compliance requirements of the Highway Planning and Construction Grants are tracked and monitored.	See corrective action plan at 11-III-A	Dafne Pharis, Finance Department - Division of Grants Administration	June 30, 2012
11-III-B	The City does not have an adequate system for ensuring that certain compliance requirements of the HOME Investment Partnership Program and Community Development Block Grant Program are being met.	See corrective action plan at 11-III-B	Dafne Pharis, Finance Department - Division of Grants Administration	June 30, 2012
Instances of Noncompliance				
11-III-C	Through an audit performed over the City's CDBG Recovery Act funding (CDBG-R) during fiscal year 2011, the U.S. Office of Inspector General (OIG) reported that the City did not properly manage its funding under this program in regards to the selection and monitoring of a certain subrecipient of grant CDBG-R funding.	See corrective action plan at 11-III-C	Dafne Pharis, Finance Department - Division of Grants Administration	June 30, 2012
11-III-D	The City did not comply with subrecipient monitoring requirements of OMB Circular A-133 for the CDBG and EECBG grant programs.	See corrective action plan at 11-III-D	Dafne Pharis, Finance Department - Division of Grants Administration	June 30, 2012
11-III-E	The City did not comply with suspension and debarment requirements of OMB Circular A-133 for the CDBG and EECBG grant programs.	See corrective action plan at 11-III-E	Dafne Pharis, Finance Department - Division of Grants Administration	June 30, 2012