

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2012

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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 (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 28, 2012. Our report contains a reference to other auditors and an explanatory paragraph for a restatement to beginning net position due to the City's implementation of GASB Statement No. 65. 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 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 12-II-A and 12-II-B that we consider to be significant deficiencies 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 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 November 28, 2012.

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, the Mayor and 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 LLP

Kansas City, Missouri
November 28, 2012



**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 Supplementary 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 Industrial Authority (TIA), a discretely presented component unit, 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, 2012 audit. This report does not include the results of the other auditors.

Compliance

We have audited the compliance of the City of Tulsa, Oklahoma (the City) 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 its major federal programs for the year ended June 30, 2012. 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 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. 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, 2012. 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 12-III-A and 12-III-B.

Internal Control over Compliance

Management of the City 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2012, and have issued our report thereon dated November 28, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. Our report contains a reference to other auditors and an explanatory paragraph for a restatement to beginning net position due to the City's implementation of GASB Statement No. 65. 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 related 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 information 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 November 28, 2012.

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, the Mayor and City Council, 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 LLP

Kansas City, Missouri
November 28, 2012

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Year Ended June 30, 2012			Unexpended Balance as of June 30, 2012	Amounts Provided to Subrecipients FYE June 30, 2012
							Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local		
U.S. DEPARTMENT OF COMMERCE (DOC)											
Direct Grants:											
Disaster Economic Adjustment, Installation of Water & Sanitary Sewer Lines	11.307	08-79-04461	1,000,000	1,000,000	-	-	31,362	125,446	156,808	874,554	-
Passed through State of Oklahoma Office of Homeland Security											
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	-	-	31,362	125,446	156,808	1,022,240	-
U.S. DEPARTMENT OF ENERGY (DOE)											
Direct Grants:											
ARRA-Energy Efficiency and Sustainable Program	81.128	DE-EE0000921	3,883,500	926,976	-	-	-	648,848	648,848	278,128	233,834
Clean Cities Refueling Infrastructure for Alternative Fuels	81.086	DE-EE0002534	300,000	150,000	-	-	104,395	102,217	206,612	47,783	-
Passed through the Oklahoma Department of Commerce											
ARRA-State Energy Program	81.041	ARRA - OK-13942-SSSEP09	3,651,900	3,360,000	(1,177,134)	-	196,571	2,182,866	2,379,437	-	-
Subtotal DOE			7,835,400	4,436,976	(1,177,134)	-	300,966	2,933,931	3,234,897	325,911	233,834
U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)											
Direct Grants:											
Brownfield Area Wide Planning Pilot	66.814	11D1D1E023	175,000	172,202	-	-	-	103,894	103,894	66,308	-
Passed through the State of Oklahoma Department of Environmental Quality											
ARRA - Brownfield Revolving Loan Programs	66.818	2009-ARRA	200,000	200,000	-	-	-	6,292	6,292	193,708	-
Passed through the State of Oklahoma Water Resources Board											
Tulsa Metropolitan Utility	66.458	ORF-08-0004-CW	737,632	-	737,632	-	-	737,632	737,632	-	-
OWRB Loan	66.458	ORF-09-0006-CW	297,606	-	297,606	-	-	297,606	297,606	-	-
OWRB Loan	66.458	ORF-10-0001-CW	3,996,390	-	3,996,390	-	-	3,996,390	3,996,390	-	-
Subtotal EPA			5,406,628	372,202	5,031,628	-	-	5,141,814	5,141,814	262,016	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)											
Direct Grants:											
HRSA Mobil Data Terminals	93.887	HRSA-10-041	99,000	-	99,000	-	-	-	-	99,000	-
(Continued)											

CITY OF TULSA
Schedule of Expenditures of Federal Awards (Continued)

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Year Ended June 30, 2011		Year Ended June 30, 2012		Current Year Expenditures Federal and Local	Unexpended Balance as of June 30, 2012	Amounts Provided to Subrecipients FYE June 30, 2012
				Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching			
U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)										
Passed through Transportation Security Administration										
National Explosives Detection Canine Program	97.072	HSTS0208HCAN469 Modifications 8, 9, 10, 11	1,465,500	-	572,500	-	-	572,500	-	-
Passed through State of Oklahoma Office of Homeland Security										
Homeland Security Fusion Center Analyst	97.073	144.004	128,000	95,596	-	-	-	95,596	-	-
Homeland Security Fusion Center Analyst	97.073	340.013	144,000	-	144,000	-	-	-	144,000	-
Crime and Intelligence Analyst	97.073	SHSP 240.013	144,000	144,000	-	-	-	22,613	121,387	-
State Homeland Security Program IOC Multi-State Project/J#5	97.073	125.001	250,000	250,000	-	-	-	-	250,000	-
UASI-Tulsa Urban Area Initiative	97.073	144.004	127,000	127,000	-	-	-	-	127,000	-
Assistance to Firefighters Grant Program	97.044	EMW-2009-FO-09851	269,527	10,306	-	1,567	-	7,836	4,037	-
Fema SAFER Grant	97.044	EMW-2010-FH-00453	4,238,856	3,966,463	-	-	-	2,323,183	1,643,280	-
Assistance to Firefighters Grant Program (80/20)	97.044	EMW-2010-FO-09181	246,000	246,000	-	61,500	-	307,500	-	-
Assistance to Firefighters Grant Program (80/20)	97.044	EMW-2011-FO-09135	183,852	-	183,852	-	-	-	183,852	-
CTP Mapping grant	97.045	EMT-2011-CA-0003	624,956	-	624,956	-	-	103,851	547,068	-
Subtotal DHS			7,821,691	4,839,365	1,525,308	89,030	3,344,049	3,433,079	3,020,624	-
U.S. DEPARTMENT OF JUSTICE (DOJ)										
Direct Grants:										
Forfeiture Proceeds	16.922	OK00720500	892,647	374,931	-	-	-	112,468	262,463	-
Grants to Encourage Arrest	16.590	2006-WE-AX-0075	1,149,990	171,977	(37,500)	-	-	135,917	(1,440)	-
Bulleproof Vest Replacement	16.607	BA-3A00S-SM01	10,331	4,828	-	-	-	-	4,828	-
Bulleproof Vest Replacement	16.607	BA-3A00S-SM01	22,852	22,852	-	-	-	-	22,852	-
Bulleproof Vest Replacement	16.607	BA-3A00S-SM01	12,895	-	12,895	-	-	-	12,895	-
ARRA-Community Oriented Policing Services (COPS)										
Hiring Recovery Program (CHRP)	16.710	2009-RJ-WX-0073	3,505,446	1,671,742	-	-	1,222,091	1,222,091	449,651	-
COPS Hiring Program	16.710	2010-UL-WX-0019	4,485,828	3,941,824	-	-	1,351,768	1,351,768	2,590,066	-
COPS	16.710	2011-UL-WX-0026	3,529,041	-	3,529,041	-	-	-	3,529,041	-
COPS Technology Grant	16.710	2010-OK-WX-0317	200,000	200,000	-	-	-	47,201	152,799	-
FY10 Forensic DNA Backlog Reduction Program	16.741	2010-DN-BX-K079	317,089	313,081	-	-	128,218	128,218	184,862	-
FY11 Forensic DNA Backlog Reduction Program	16.741	2011-DN-BK-K403	254,549	-	254,549	-	100,283	100,283	154,266	-
Passed through the Tulsa County Sheriff's Office										
JAG	16.738	2007-DJ-BX-0794	516,367	-	-	23,298	-	-	23,298	-
JAG	16.738	2008-DJ-BX-0634	220,363	2,422	4,464	-	3,730	3,730	3,156	-
JAG	16.738	2009-DJ-BX-1222	739,943	107,226	-	-	65,207	65,207	42,019	17,136
JAG	16.738	2010-DJ-BX-0680	665,464	595,968	-	-	282,049	282,049	313,919	-
JAG	16.738	2011-DJ-BX-2944	521,831	-	521,831	-	98,903	98,903	422,928	-
ARRA - 2009 Recovery Act JAG	16.804	2009-SB-B9-3102	3,136,932	182,272	-	-	172,907	172,907	9,365	59,728

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Year Ended June 30, 2012			Amounts Provided to Subrecipients FYE June 30, 2012
							Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	
Passed through the Oklahoma State Bureau of Investigation Oklahoma Internet Crimes Against Children	16.523	2008-MC-CX-K022	8,100	1,021	-	-	-	-	-	1,021
Passed through the State District Attorney Council										
ARRA - Multi-Agency Gang Task Force	16.803	J09-10-025	69,179	-	69,179	-	57,568	57,568	-	11,611
2010 VAWA SANE Education Project	16.588	VR10-035	5,900	4,968	-	-	2,599	2,599	-	2,369
2011 VOCA SANE Coordinator	16.588	V11-099	26,000	-	26,000	-	23,350	23,350	-	2,650
2011 VAWA SANE Education Project	16.588	V11-033	23,895	-	23,895	-	-	-	-	23,895
2011 VAWA SANE Education Project	16.588	V11-034	6,954	-	6,954	-	1,095	1,095	-	5,859
OK Statewide SANE Coordinator	16.588	2011-WR-0026	367,455	-	367,455	-	4,510	4,510	-	362,945
2010 Project Safe Neighborhoods Grant	16.609	PSNN10-002	34,278	31,059	-	-	31,059	31,059	-	-
2011 Project Safe Neighborhoods Grant	16.609	PSNN11-002	30,299	-	30,299	-	12,130	12,130	-	18,169
2010 VOCA Subgrant	16.575	10-090	26,000	1,513	-	6,500	1,513	1,513	-	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	48,528	-	-	32,816	32,816	-	15,712
National Forensic Science Improvement Act Grant	16.742	FSF11-002	44,199	-	44,199	-	9,047	9,047	-	35,152
ARRA - Recovery Act Justice Assistance Grant	16.803	JR09-038	74,669	12,643	-	-	-	-	-	12,643
Subtotal DOJ			21,045,159	7,706,288	4,853,261	-	29,798	3,886,429	-	8,692,897

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

Direct Grants:											
CDBG Year 35	14.218	B-11-MC-40-0004	18,417,814	7,738,166	3,322,685	1,099,566	1,287,671	4,939,191	4,939,191	8,508,897	3,448,986
CDBG Revolving Loan Fund	14.218		-	1,519,994	-	(1,099,566)	1,137,456	-	-	1,557,884	-
HOME	14.239	M-11-MC-40-0202	13,666,928	8,599,255	2,042,654	-	739	1,377,387	1,377,387	9,265,261	654,374
Emergency Shelter	14.231	S-10-MC-40-0001	324,053	-	-	-	-	-	-	-	-
Emergency Shelter	14.231	S-10-MC-40-0001	161,800	57,615	-	-	-	57,615	57,615	-	174,977
Emergency Shelter	14.231	E-11-MC-40-0001	251,967	-	251,967	-	-	108,379	108,379	143,588	-
Emergency Shelter	14.231	E-11-MC-40-0001	90,708	-	90,708	-	-	-	-	90,708	-
Housing Opportunities for Persons with AIDS	14.241	OKH11F002	1,016,803	211,062	349,450	-	-	183,099	183,099	377,413	240,061
ARRA-CDBG Recovery	14.253	B-09-MY040-0004	989,720	573,626	-	-	-	377,237	377,237	196,390	158,927
ARRA-Homeless Prevention and Rapid Re-Housing Program	14.257	S-09-MY-40-0001	1,513,504	130,851	-	-	-	109,829	109,829	21,023	129,282
Subtotal HUD			36,433,297	18,830,569	6,057,464	-	2,425,866	7,152,737	7,152,737	20,161,163	4,806,607

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Year Ended June 30, 2012			Unexpended Balance as of June 30, 2012	Amounts Provided to Subrecipients FYE June 30, 2012
							Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local		
U.S. DEPARTMENT OF TRANSPORTATION (DOT)											
Direct Grants:											
RVS-Rehabilitate Taxiways & Roadways	20-106	3-40-0098-19	47,244	8,940	(8,940)	-	-	-	-	-	-
Rehabilitate Taxiways & Taxiways	20-106	3-40-0098-23	1,608,054	83,735	-	-	4,407	83,735	88,142	-	-
Rehabilitate Service Road - Phase 5	20-106	3-40-0098-24	74,298	-	74,298	-	3,872	73,562	77,434	736	-
Upgrade Airfield Guidance Signs RVS	20-106	3-40-0098-25	192,565	-	192,564	-	10,135	192,564	202,699	-	-
Noise Mitigation	20-106	3-40-0099-47	6,148,649	73,649	-	-	8,183	73,649	81,832	-	-
Taxiway E Extension	20-106	3-40-0099-55	6,788,750	-	-	-	-	-	-	-	-
Extension of Taxiway Charlie (East)	20-106	3-40-0099-56	1,557,685	-	-	-	-	-	-	-	-
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	1,261	(1,261)	-	-	-	-	-	-
Acquire Runway Protection Zone for Runway 8	20-106	3-40-0099-64	6,930,000	117,005	-	-	-	-	-	117,005	-
North Development Area Taxiways - Phase II	20-106	3-40-0099-65	1,400,329	53,799	(53,799)	-	-	-	-	-	-
Acquire (Hangers) Runway Protection Zone	20-106	3-40-0099-67	2,250,000	11,446	(11,446)	-	-	-	-	-	-
North Development Area Taxiways - Phase 2	20-106	3-40-0099-68	1,696,680	50,008	(50,008)	-	-	-	-	-	-
Extend Taxiway 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	1,608,580	-	-	54,513	1,035,749	1,090,262	572,831	-
RW18L-36R & TW J Pavement Replacement Phase 1	20-106	3-40-0099-72	1,421,625	93,768	(93,768)	-	-	-	-	-	-
Runway 26 MALSR	20-106	3-40-0099-73	288,333	8,037	(8,037)	-	-	-	-	-	-
Memorial Drive Realignment & Water Line Improvements	20-106	3-40-0099-74	1,096,269	31,923	(367)	-	(367)	(6,972)	(7,339)	38,895	-
Noise Mitigation 2010	20-106	3-40-0099-75	6,930,000	5,601,809	-	-	80,961	1,536,361	1,617,222	4,065,448	-
Collect Airport Data for Airports Geographic Information System (A-1)	20-106	3-40-0099-76	602,067	327,686	-	-	15,486	294,239	309,725	33,447	-
Wildlife Hazard Assessment	20-106	3-40-0099-77	79,201	33,888	-	-	1,325	25,174	26,499	8,714	-
Rehabilitate Runway 18L/36R - Phase 3	20-106	3-40-0099-78	8,524,008	2,380,672	-	-	82,877	1,574,669	1,657,546	806,003	-
Remove Obstructions in Runway 8 RPZ	20-106	3-40-0099-79	342,633	-	342,633	-	13,332	253,316	286,648	89,317	-
North Development Area Airport Drainage	20-106	3-40-0099-80	450,469	-	450,469	-	23,709	450,469	474,178	-	-
Install Runway 26 MALSR	20-106	3-40-0099-81	1,329,238	-	1,329,238	-	65,997	1,253,935	1,319,932	75,303	-
Rehabilitate Runway 18L/36R & Taxiway Lima	20-106	3-40-0099-82	8,539,844	-	8,539,844	-	412,115	7,830,188	8,242,303	709,656	-
			74,221,617	10,678,957	10,665,821	-	776,445	14,670,638	15,447,083	6,674,141	-
U.S. DEPARTMENT OF TRANSPORTATION (DIRECT)											
Capital Projects	20-500	OK-04-0018-00	1,240,500	-	1,240,500	-	-	-	-	1,240,500	-
Capital Projects	20-500	OK-04-0017-00	750,000	-	750,000	-	-	-	-	750,000	-
Capital Projects	20-500	OK-04-0006-00	245,000	114,120	-	-	-	-	-	114,120	-
Capital and Planning Projects	20-507	OK-04-0011-00	712,500	712,500	-	-	136,574	546,297	682,871	166,203	-
Capital and Planning Projects	20-507	OK-37-X041-00	16,818	-	16,818	-	16,818	16,818	33,636	-	-
Capital and Planning Projects	20-507	OK-90-X087-00	5,784,000	307,591	-	-	31,680	126,722	158,402	180,869	-
American with Disabilities Act (ADA)	20-507	OK-90-X095-01	6,953,517	362,659	-	-	35,121	140,462	175,603	222,177	-
Capital and Planning Projects	20-507	OK-90-X100-01	6,465,926	337,185	-	-	10,003	40,011	50,014	297,174	-
Capital and Planning Projects	20-507	OK-95-X003-01	650,000	386,131	-	-	17,313	69,252	86,565	316,879	-
ARRA - Capital and Planning Projects	20-507	OK-96-X003-01	8,853,448	6,409,559	-	-	5,933,095	5,933,095	476,464	467,686	-
Capital and Planning Projects	20-507	OK-90-X104-00	6,595,908	4,435,090	-	-	991,951	3,967,404	4,959,255	467,686	-
Capital and Planning Projects	20-507	OK-90-X109-00	6,340,747	-	6,340,747	-	341,858	1,367,431	1,709,289	4,973,316	-
Capital and Planning Projects	20-507	OK-37-X043-00	320,725	-	320,725	-	-	-	-	320,725	-
Capital and Planning Projects	20-519	OK-04-0014-00	2,500,000	2,471,280	-	-	400,574	1,602,297	2,002,871	868,983	-
Capital and Planning Projects	20-521	OK-57-X020-00	54,035	-	54,035	-	33,394	33,394	66,788	20,641	-
Capital and Planning Projects	20-507	OK-39-0001-00	137,600	23,545	-	-	5,684	22,735	28,419	810	-
			47,600,724	15,559,860	8,722,825	-	2,020,970	13,865,938	15,886,808	10,416,547	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards (Continued)

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Program Income and Matching	Year Ended June 30, 2012		Unexpended Balance as of June 30, 2012	Amounts Provided to Subrecipients FYE June 30, 2012
								Current Year Expenditures Federal	Current Year Expenditures Federal and Local		
Passed through the Indian Nations Council of Government											
CMAQ Public Fleet Conversion Grant	20.205	CMA-172E(42)IG	35,000	-	35,000	-	-	-	-	35,000	-
Passed through the Oklahoma Department of Transportation											
Transportation Enhancement Project 44 Pedestrian Trail	20.205	STPIY-0044-2(392)229EH	250,000	60,337	-	-	-	-	-	60,337	-
Cherry Creek Trail Project	20.205	STP-172E(22)EH	334,929	334,929	-	-	-	-	-	334,929	-
Traffic Signals Communication Systems	20.205	CMAG-172A(22)IG	582,700	91,056	-	-	-	-	-	91,056	-
US-169 at 21st Street	20.205	NHY-30N(006)JP11031	14,073	14,073	-	-	-	-	-	14,073	-
Gilcrease Expressway Right of Way Acquisition	20.205	STP-172A(335)IG	4,400,000	464,126	-	-	88,440	353,762	442,202	110,364	-
Gilcrease Expressway Edison to LL Tisdale	20.205	157A(145)IG	10,900,000	9,516,617	-	-	360,297	1,441,187	1,801,484	8,075,430	-
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	CMAG-172D(329)IG	105,000	2,834	-	-	-	-	-	2,834	-
Traffic Signal Pre-emption System	20.205	CMAG-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	-
Mingo Creek Trail 11th to Mingo	20.205	STP-172E(290)EH	648,000	412,409	-	-	-	-	-	-	-
Utility Relocation 1-44 & 193rd	20.205	IM-NHY-0044-2(419)239	3,525,200	3,342,860	-	-	-	-	-	3,342,860	-
I44 Riverside Drive to Yorktown Ave - Sewer	20.205	2(404)227 HP	2,421,881	2,421,881	-	-	-	-	-	2,421,881	-
I44 Riverside Drive to Yorktown Ave - Water	20.205	2(404)227 HP	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	-	-	142,934	428,802	571,736	162,329	-
Mingo Creek Trail - Mingo Road to Admiral Place	20.205	STP-172E(680)EH	412,500	389,457	-	-	8,649	25,948	34,597	345,509	-
Mingo Creek Trail - 71st to 61st	20.205	SEC1934-172E(404)TI	1,816,722	1,615,586	-	-	(121)	(1,086)	(1,207)	1,616,672	-
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-OL97(01)DC	385,000	354,856	-	-	-	-	-	354,856	-
Midland Valley Trail Improvements	20.205	STP-172E(474)EH	600,000	481,080	-	-	383,417	383,417	786,833	97,664	-
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	5,210	-	-	594	2,375	2,969	2,835	-
Tulsa County Safe Routes	20.205	SRS-155F(710)ST	150,700	144,555	-	-	-	53,996	53,996	90,559	-
Joe Trail Riverside	20.205	STP-172E(473)EH	60,000	15,047	-	-	180	720	900	14,327	-
			37,323,397	30,136,336	-	-	1,121,860	3,101,529	4,223,389	27,034,807	-
Passed through the State of Oklahoma Highway Safety Office											
FY10 Traffic Enforcement	20.600	PT-11-03-28-04	90,000	47,769	-	-	-	44,845	44,845	2,924	-
FY11 Traffic Enforcement	20.600	PT-12-03-29-05	110,800	-	110,800	-	-	74,823	74,823	35,977	-
			200,800	47,769	110,800	-	-	119,668	119,668	38,901	-
Subtotal DOT			159,381,537	56,422,722	19,534,446	-	3,919,175	31,757,773	35,676,948	44,199,395	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Awarding Agency/Program Description	Federal CFDA Number	Grant Number	Total Award	Unexpended Balance as of June 30, 2011	Awards Received/(Closed)	Transfers and Adjustments	Year Ended June 30, 2012			Amounts Provided to Subrecipients FYE June 30, 2012
							Program Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)										
Passed through the State of Oklahoma Dept. of Civil Emergency Management										
Hazard Mitigation HMGP-ACQUISITION/DEMOLITION (75/25)	97.039	FEIMA-1735DR-OK Project #0086	190,358	190,358	-	-	56,173	168,519	224,892	21,839
Hazard Mitigation HMGP-DRAINAGE (75/25)	97.039	FEIMA-1735DR-OK Project #0091	1,500,000	1,467,190	-	-	54,541	163,622	218,163	1,303,568
Hazard Mitigation HMGP-DRAINAGE (75/25)	97.039	Stream & Rain Gauge Station	36,000	-	36,000	-	5,009	15,026	20,035	20,974
Hazard Mitigation HMGP-DRAINAGE (75/25)	97.039	Hazard Mitigation 2014	222,312	-	222,312	-	10,221	30,664	40,885	191,648
Hazard Mitigation HMGP-DRAINAGE (75/25)	97.039	FEMA-1970-DR-OK	601,104	-	601,104	-	-	-	-	601,104
Subtotal FEMA			2,549,774	1,657,548	859,416	-	125,944	377,831	503,775	2,139,133
US DEPARTMENT OF INTERIOR (DOI)										
Passed through Oklahoma Tourism and Recreation Department										
Vision 2025 Centennial Walk Phase 2	15.916	40-01131	155,000	140,016	-	-	-	140,016	140,016	-
Historic Preservation	15.904	10-608	29,100	13,374	(313)	-	-	13,061	13,061	-
Historic Preservation	15.904	11-608	28,825	-	28,825	-	-	15,879	15,879	12,946
Subtotal DOI			212,925	153,390	28,512	-	-	168,956	168,956	12,946
Total Federal Awards			\$ 241,933,098	\$ 95,566,726	\$ 36,811,901	\$ -	\$ 6,922,141	\$ 54,898,966	\$ 59,385,443	\$ 79,835,326
										\$ 5,174,875

See Notes to Schedule of Expenditures of Federal Awards.

City of Tulsa, Oklahoma

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

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, 2012. 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, 2012**

Number	Comment	Status	Corrective Action or Other Explanation
Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Auditing Standards			
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.	Corrected	
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.	Corrected	
Findings and Questioned Costs for Federal Awards			
Internal Control			
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.	Corrected	
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.	Corrected	
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.	Corrected	
11-III-D	The City did not comply with subrecipient monitoring requirements of OMB Circular A-133 for the CDBG and EECBG grant programs.	Corrected	
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.	Corrected	

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

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 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: 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
20.106	Airport Improvement 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
81.041	ARRA - State Energy Program
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program
97.044	Assistance to Firefighters Grant/FEMA SAFER Grant

Dollar threshold used to distinguish between type A and type B programs: \$1,646,968

Auditee qualified as low-risk auditee? Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

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

A. Internal Control

12-II-A

Finding: There was a proposed audit adjustment identified during our audit relating to depreciation expense and accumulated depreciation on capital assets. In addition, during management's review and reconciliation processes for capital asset records in Barscan (the City's system for accounting for capital assets), significant reclassifications were made between capital asset classifications in the City's financial statements for consistency of classification as recommended.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting. Significant deficiencies include deficiencies in controls over the period-end financial reporting process, including controls over the reporting and reconciling of capital asset records.

Condition/Prevalence: During the audit, an adjustment of approximately \$7 million was proposed to correct depreciation expense and accumulated depreciation on certain capital assets. In addition, management proposed significant reclassifications to capital asset classifications in the City's financial statements.

Cause: The proposed audit adjustment was not identified by management of the City through their year-end closing procedures. The reclassifications between capital asset categories were made as a result of City management reconciling prior year differences between Barscan and the financial statements.

Effect: Misstatement to the City's financial statements relating to capital asset transactions could occur and not be detected and corrected in a timely manner.

Recommendation: We recommend that the City adhere to procedures that will help ensure that all transactions relating to capital assets, depreciation expense and accumulated depreciation are recorded in an accurate and timely manner.

Response and Corrective Action Plan: We agree with the recommendation and as a result recorded the adjusting entry. We will continue to resolve inconsistencies in the historical capital assets records and adhere to procedures that will help ensure all future capital assets and related transactions are recorded in an accurate and timely manner.

(Continued)

City of Tulsa, Oklahoma

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

12-II-B

Finding: There were adjustments made to the trial balance of the Tulsa Development Authority (TDA), a discretely presented component unit of the City, prepared by the City on behalf of TDA and that was presented to us to begin our audit, that significantly affected the year-end balances of certain general ledger accounts, specifically land held for resale, unrealized losses on land held for resale, and payments to the primary government.

Criteria: Significant deficiencies include deficiencies in controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Condition/Prevalence: During the audit, adjustments were required to be made relating to land held for resale transactions, unrealized losses on land held for resale and transactions with the primary government. The original trial balance was prepared by the City on behalf of TDA in accordance with the service agreement dated March 17, 2010.

Cause: The majority of the adjustments were not recorded properly because they were not identified through the year-end review process.

Effect: The inaccurate recording of certain transactions and year-end closing procedures could result in misstatements to the financial statements.

Recommendation: We recommend management adopt and adhere to procedures that will help ensure all routine, as well as significant and unusual, transactions are recorded accurately and are reviewed on a timely basis.

Response and Corrective Action Plan: We agree with the recommendation. The Finance Department of the City will adopt and adhere to procedures that will ensure all routine, as well as significant and unusual, transactions are recorded accurately and are reviewed on a timely basis.

B. Compliance Findings

No matters reported.

(Continued)

City of Tulsa, Oklahoma

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

12-III-A

U.S. Department of Transportation

Direct

Federal Transit – ARRA – Formula Grants (CFDA 20.507)

Federal Award Year 2012

U.S. Department of Energy

Passed Through the Oklahoma Department of Commerce

ARRA – State Energy Program (CFDA 81.041)

Federal Award Year 2012

Finding: The Metropolitan Tulsa Transit Authority, a discretely presented component unit of the City, did not comply with American Recovery and Reinvestment Act (ARRA) Buy-America procurement requirements of OMB Circular A-133.

Criteria: OMB Circular A-133 requires procurements involving ARRA funds to include Buy-America requirements in the request for proposal and requires the recipient to obtain a waiver/certificate from each vendor regarding compliance with Buy-America.

Condition: The Metropolitan Tulsa Transit Authority did not include the required ARRA Buy-America language in a request for proposal and did not obtain the required waiver/certificate from the selected vendor regarding compliance with the ARRA Buy-America requirements.

Questioned Costs: None

Context: For the three vendors receiving federal awards from this grant and selected for testing, the proper Buy-America documentation was not obtained from one of the vendors.

Effect: The Metropolitan Tulsa Transit Authority is not in compliance with ARRA procurement requirements of OMB Circular A-133.

Cause: Due to employee turnover in the department the employee responsible did not use the appropriate request for proposal and contract template.

Recommendation: We recommend the Metropolitan Tulsa Transit Authority implement and follow the Buy-America requirements for all procurements related to ARRA funded grants.

Response and Corrective Action Plan: The Metropolitan Tulsa Transit Authority will adhere to the Buy America requirements as outlined in Part VIII of its procurement policy.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

12-III-B

U.S. Department of Justice

Direct

**ARRA – Community Oriented Policing Services (COPS) Hiring Recovery Program
(CFDA 16.710)**

COPS Hiring Program (CFDA 16.710)

Federal Award Year 2009

Finding: The City did not comply with allowable activity requirements of OMB Circular A-133 for the ARRA COPS Hiring Recovery Program.

Criteria: The COPS Hiring Recovery Program (CHRP), provides funds to law enforcement agencies to hire new and/or rehire career law enforcement officers in an effort to create and preserve jobs. The grant funds are required to be used to rehire law enforcement officers who have been laid off or who are scheduled to be laid off on a specific future date.

Condition: The City used federal grant funds to reimburse the payroll costs for a police officer not meeting the required rehiring criteria of the grant agreement.

Questioned Costs: \$129,633 in fiscal years 2011 and 2012.

Context: For seven officers selected for testing whose payroll costs were reimbursed with federal awards from this grant, one was determined to be unallowable for salary reimbursement as he did not have a scheduled layoff date.

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

Cause: The police department did not have an adequate review process in place over the selection of police officers to charge payroll costs to the grant.

Recommendation: We recommend the City perform a thorough review of police officers selected for payroll reimbursement with federal grant funds, to ensure they meet the required qualifications specified in the grant agreement and OMB Circular A-133.

Response and Corrective Action Plan: The City agrees with the finding and will perform a secondary review to assure compliance with the grant provisions are attained.

City of Tulsa, Oklahoma

**Corrective Action Plan
Year Ended June 30, 2012**

Number	Comment	Corrective Action or Other Explanation	Contact Person	Anticipated Date of Completion
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**Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With
Generally Accepted Auditing Standards**

Internal Control

12-II-A	There was a proposed audit adjustment identified during our audit relating to depreciation expense and accumulated depreciation on capital assets. In addition, during management's review and reconciliation processes for capital asset records in Barscan (the City's system for accounting for capital assets), significant reclassifications were made between capital asset classifications in the City's financial statements for consistency of classification as recommended.	See correction action plan at 12-II-A	David Bryant, Controller	June 30, 2013
12-II-B	There were adjustments made to the Tulsa Development Authority trial balance, that was prepared by the City of Tulsa on behalf of the Authority and that was presented to us to begin our audit, that significantly affected the year-end balances of certain general ledger accounts, specifically land held for resale, unrealized losses on land held for resale, and payments to the primary government.	See correction action plan at 12-II-B	David Bryant, Controller	June 30, 2013

Findings and Questioned Costs for Federal Awards

Instances of Noncompliance

12-III-A	Metropolitan Tulsa Transit Authority did not comply with ARRA Buy-America procurement requirements of OMB Circular A-133.	See correction action plan at 12-III-A	Scott Bosen, MTTA Chief Financial Officer	June 30, 2013
12-III-B	The City did not comply with allowable activity requirements of OMB Circular A-133 for the ARRA COPS Hiring Recovery Program.	See correction action plan at 12-III-B	Cheri O'Neal, Administrative Officer, Police Department	June 30, 2013