

The City of Oklahoma City, Oklahoma

Single Audit Reports

June 30, 2013



The City of Oklahoma City, Oklahoma
Year Ended June 30, 2013

Contents

Schedule of Expenditures of Federal and State Awards.....	1
Notes to Schedule of Expenditures of Federal and State Awards.....	6
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....	8
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 on the Schedule of Expenditures of Federal and State Awards	10
Schedule of Findings and Questioned Costs.....	13
Summary Schedule of Prior Audit Findings.....	26

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
U.S. Department of Housing and Urban Development			
<i>CDBG – Entitlement Grants Cluster</i>			
Direct Programs			
Community Development Block Grant/Entitlement Grant	14.218	B-08-MN-40-0001	\$ 156,933
Community Development Block Grant/Entitlement Grant	14.218	B-10-MC-40-0003 CDBG	149,273
Community Development Block Grant/Entitlement Grant	14.218	CDBG-CPD-FY11	1,548,750
Community Development Block Grant/Entitlement Grant	14.218	B-12-MC-40-0003 CDBG	1,423,611
<i>Total CDBG – Entitlement Grants Cluster</i>			3,278,567
<i>CDBG – State-Administered CDBG Cluster</i>			
Pass-Through Oklahoma Department of Commerce			
Community Development Block Grant/State's Program and Nonentitlement Grants in Hawaii	14.228	14003 NSP 08	157,743
Community Development Block Grant/State's Program and Nonentitlement Grants in Hawaii	14.228	13555 NSP 08	371,965
Community Development Block Grant/State's Program and Nonentitlement Grants in Hawaii	14.228	14526 NSP 11	4,558,201
<i>Total CDBG – State-Administered CDBG Cluster</i>			5,087,909
<i>Emergency Shelter Grants Program</i>			
Direct Programs			
Emergency Shelter Grants Program	14.231	E-11-MC-40-0002 ESG	131,128
Emergency Shelter Grants Program	14.231	E-12-MC-40-0002 ESG	383,285
<i>Total Emergency Shelter Grants Program</i>			514,413
<i>Supportive Housing Program</i>			
Supportive Housing Program	14.235	OK-0068B6I021000	67,003
Supportive Housing Program	14.235	OK-0026-B6I020801	363
Supportive Housing Program	14.235	OK-0052B6I020900	265,576
Supportive Housing Program	14.235	OK-0053B6I090900	95,055
Supportive Housing Program	14.235	OK-0067B6I021000	72,861
Supportive Housing Program	14.235	OK-0019B6I021001	196,688
Supportive Housing Program	14.235	OK-0061B6I021001	10,572
Supportive Housing Program	14.235	OK-0022B6I021003	5,134
Supportive Housing Program	14.235	OK-0044B6I021002	163,037
Supportive Housing Program	14.235	OK-0020B6I021001	82,174
Supportive Housing Program	14.235	OK-0026B6I021002	67,612
Supportive Housing Program	14.235	OK-0027B6I021002	90,288
Supportive Housing Program	14.235	OK-0044B6I021103	78,390
Supportive Housing Program	14.235	OK-0020B6I021102	101,771
Supportive Housing Program	14.235	OK-0046B6I021103	124,999
Supportive Housing Program	14.235	OK-0022B6I021104	71,263
Supportive Housing Program	14.235	OK-0045B6I021103	46,543
Supportive Housing Program	14.235	OK-0027B6I021103	299,999
Supportive Housing Program	14.235	OK-0062B6I021102	185,762
Supportive Housing Program	14.235	OK-0053B6I021101	115,660
Supportive Housing Program	14.235	OK-0026B6I021103	112,283
Supportive Housing Program	14.235	OK-0063B6I021102	51,254
Supportive Housing Program	14.235	OK-0019B6I021102	205,860
Supportive Housing Program	14.235	OK-0061B6I021102	84,012
Supportive Housing Program	14.235	OK-0079B6I021100	48,876
Supportive Housing Program	14.235	OK-0078B6I021100	40,036
<i>Total Supportive Housing Program</i>			2,683,071

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
<i>Shelter Plus Care Program</i>			
Shelter Plus Care	14.238	OK0054C61020900	\$ 53,410
Shelter Plus Care	14.238	OK0025C61021003	4,206
Shelter Plus Care	14.238	OK0024C61021104	171,380
Shelter Plus Care	14.238	OK0025C61021104	12,546
<i>Total Shelter Plus Care Program</i>			<u>241,542</u>
<i>HOME Investment Partnerships Act Program</i>			
HOME Investment Partnerships Act Program	14.239	M-09-MC-40-0203	257,920
HOME Investment Partnerships Act Program	14.239	M-10-MC-40-0203	683,692
HOME Investment Partnerships Act Program	14.239	M-11-MC-40-0203	744,229
HOME Investment Partnerships Act Program	14.239	M-12-MC-40-0203	155,852
<i>Total HOME Investment Partnerships Act Program</i>			<u>1,841,693</u>
<i>Housing Opportunities for Persons with AIDS</i>			
Housing Opportunities for Persons with AIDS	14.241	OK-H11-F001	345,428
Housing Opportunities for Persons with AIDS	14.241	OK-H12-F001	134,924
<i>Total Housing Opportunities for Persons with AIDS</i>			<u>480,352</u>
Direct Programs			
Community Planning and Development	14.246	B-98-ED-40-0006	(2,748)
ARRA – Homelessness Prevention and Rapid Rehousing Program	14.257	ARRA-S-09-MY-40-0002	5,233
Pass-Through Oklahoma Department of Energy			
Community Challenge Planning Grants	14.704	CCPOK-0020-10	183,491
Total U.S. Department of Housing and Urban Development			<u>14,313,523</u>
U.S. Department of the Interior			
Pass-Through Oklahoma Historical Society			
Historic Preservation Fund Grants-In-Aid	15.904	12-607	11,675
Historic Preservation Fund Grants-In-Aid	15.904	12-607	14,927
Total U.S. Department of the Interior			<u>26,602</u>
U.S. Department of Justice			
<i>JAG Program Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0514	174,217
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0819	566,909
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3149	267,286
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1090	87,741
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-3260 ARRA	371,032
<i>Total JAG Program Cluster</i>			<u>1,467,185</u>
ARRA – Public Safety Partnership and Community Policing Grant (Recovery Act Funded)	16.710	2009RJWX0072(CHRP)	395,113
Direct Programs			
DNA Backlog Reduction Program	16.741	2011-DN-BX-K405	139,614
DNA Backlog Reduction Program	16.741	2012-DN-BZ-0026	117,591
<i>Total DNA Backlog Reduction Program</i>			<u>257,205</u>
Pass-Through Oklahoma State Department of Corrections			
Anti-Gang Initiative	16.744	2008-PG-BX-0005	9,298
Total U.S. Department of Justice			<u>2,128,801</u>

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
U.S. Department of Transportation			
<i>Federal Aviation Administration</i>			
Direct Programs			
Airport Improvement Program	20.106	AIP3-40-0071-011-2012	\$ 1,968,114
Airport Improvement Program	20.106	AIP3-40-0072-059-2010	94,422
Airport Improvement Program	20.106	AIP3-40-0072-060-2011	2,354,040
Airport Improvement Program	20.106	AIP3-40-0072-061-2012	1,421,346
Airport Improvement Program	20.106	AIP3-40-0072-062-2012	545,522
Airport Improvement Program	20.106	AIP3-40-0072-063-2012	1,628,053
<i>Total Airport Improvement Program</i>			8,011,497
<i>Highway Planning and Construction Cluster</i>			
Pass-Through Association of Central Oklahoma Governments			
Highway Planning and Construction	20.205	2013 ACOG Traffic Management	58,155
			58,155
Pass-Through Oklahoma Department of Transportation			
Highway Planning and Construction	20.205	22589 (04) STP-155E(500)EH	44,807
Highway Planning and Construction	20.205	24562(04)STP-155E (622) EH	(1,452)
Highway Planning and Construction	20.205	24563(04) STP-155E(623)EH	79,660
Highway Planning and Construction	20.205	26888 (04) STP-155E(745)EH	428,011
Highway Planning and Construction	20.205	2010-R1-1109-02	30,394
			581,420
<i>Total Highway Planning and Construction Cluster</i>			639,575
<i>Federal Transit Cluster</i>			
Direct Programs			
Federal Transit – Capital Assistance	20.500	OK-03-0029	27,200
Federal Transit – Capital Assistance	20.500	OK-03-0037	1,223,858
Federal Transit – Capital Assistance	20.500	OK-04-0015	168,197
Federal Transit – Formula Grants	20.507	OK-90-X067	59,888
Federal Transit – Formula Grants	20.507	OK-90-X071	90,398
Federal Transit – Formula Grants	20.507	OK-90-X073	12,029
Federal Transit – Formula Grants	20.507	OK-90-X080	150,130
Federal Transit – Formula Grants	20.507	OK-90-X094	1,586
Federal Transit – Formula Grants	20.507	OK-90-X098	97,174
Federal Transit – Formula Grants	20.507	OK-90-X102	179,656
Federal Transit – Formula Grants	20.507	OK-90-X107	1,801,822
Federal Transit – Formula Grants	20.507	OK-90-X112	5,200,386
Federal Transit – Formula Grants	20.507	OK-95-X001	150,410
ARRA – Federal Transit – Formula Grants	20.507	OK-96-X004	5,840,324
<i>Total Federal Transit Cluster</i>			15,003,058
<i>Transit Services Programs Cluster</i>			
Direct Programs			
Job Access – Reverse Commute	20.516	OK-37-X021	37,105
Job Access – Reverse Commute	20.516	OK-37-X028	33,875
Job Access – Reverse Commute	20.516	OK-37-X042	9,745
Job Access – Reverse Commute	20.516	OK-37-X044	489,850
New Freedom Program	20.521	OK-57-X006	31,139
New Freedom Program	20.521	OK-57-X010	24,788
New Freedom Program	20.521	OK-57-X015	27,513
New Freedom Program	20.521	OK-57-X017	132,215
New Freedom Program	20.521	OK-57-X021	220,809
New Freedom Program	20.521	OK-57-X025	12,190
<i>Total Transit Services Programs Cluster</i>			1,019,229
<i>Highway Safety Cluster</i>			
Direct Programs			
Alcohol-Impaired Driving Countermeasures Incentive Grants I	20.601	K8-12-03-29-08/OP-12-03-05-08/CE-12-03-22-08	100,799
Alcohol-Impaired Driving Countermeasures Incentive Grants I	20.601	K813-03-21-09/OP-13-03-04-09/CE-13-03-23-09	105,306
<i>Total Highway Safety Cluster</i>			206,105
Total U.S. Department of Transportation			24,879,464

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
Environmental Protection Agency			
Direct Programs			
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96679701-0	\$ 97,049
ARRA – Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	2B-96695601-0 ARRA	333
ARRA – Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	2B-96695701-0 ARRA	39,113
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F24401-0	62,780
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00F58701-0	285,403
<i>Total Brownsfield Assessment and Cleanup Cooperative Agreements</i>			<u>484,678</u>
Total Environmental Protection Agency			<u>484,678</u>
U.S. Department of Energy			
Pass-Through Oklahoma Department of Energy			
ARRA – State Energy Program	81.041	15202 SSEP 09	163,868
ARRA – Energy Efficiency and Conservation Block Grant Program (Recovery Act Funded)	81.128	15111 SEECBG 09	68,000
Direct Programs			
ARRA – Energy Efficiency and Conservation Block Grant Program (Recovery Act Funded)	81.128	DE-EE0000920 ARRA	525,710
Total U.S. Department of Energy			<u>757,578</u>
U.S. Department of Health and Human Services			
Pass-Through State of Oklahoma Department of Health and Human Services			
Environmental Public Health and Emergency Response	93.07	G98003	2,314
Community Transformation Grants and National Dissemination and Support	93.531	G98002	44,564
Pass-Through State of Oklahoma Area-wide Aging Agency			
Transportation for Elderly	13.633	G80037	275,277
Total U.S. Department of Health and Human Services			<u>322,155</u>
U.S. Department of Homeland Security			
Pass-Through Oklahoma Department of Emergency Management			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HST0208HSLR333	224,918
ARRA – Advanced Surveillance Program (ASP) (Recovery Act Funded)	97.118	HSTS04-09-H-REC307	1,155,147
Advanced Surveillance Program	97.118	HSTS04-10-H-CT1190	648,492
<i>Total Advanced Surveillance Program</i>			<u>2,028,557</u>
Direct Programs			
Assistance to Firefighters Grant	97.044	EMW-2010-FH-01081	1,814,384

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
Pass-Through Oklahoma Department of Emergency Management Hazard Mitigation Grant (HMGP)	97.039	FEMA-1735-DR-OK (HMPG)	\$ 10,774
Pass-Through Oklahoma Office of Homeland Security			
Non-Profit Security Program	97.008	150.008	39,047
Non-Profit Security Program	97.008	290.062	70,993
Non-Profit Security Program	97.008	131.035	7,941
Non-Profit Security Program	97.008	290.058	84,529
Non-Profit Security Program	97.008	150.005	200,145
Non-Profit Security Program	97.008	150.004	57,738
Non-Profit Security Program	97.008	290.02	26,776
Non-Profit Security Program	97.008	290.032	135,720
<i>Total Non-Profit Security Program</i>			<u>622,889</u>
Pass-Through Oklahoma Department of Emergency Management			
Disaster Grants – Public Assistance		OKC2A87	122,491
Disaster Grants – Public Assistance		OKC003B	8,295
Disaster Grants – Public Assistance		OKC1A87	163,590
Disaster Grants – Public Assistance		OKC3A82	114,920
Disaster Grants – Public Assistance		OKC4A82	58,764
Disaster Grants – Public Assistance		OKC002B	21,724
Disaster Grants – Public Assistance		OKC008B	68,632
Disaster Grants – Public Assistance		OKC013B	120,712
Disaster Grants – Public Assistance		OKC009B	2,122
Disaster Grants – Public Assistance		Pending	3,582,265
<i>Total Disaster Grants – Public Assistance</i>			<u>4,263,515</u>
Direct Programs			
State Homeland Security Program (SHSP)	97.073	146.025	1,569
State Homeland Security Program (SHSP)	97.073	260.025	8,761
State Homeland Security Program (SHSP)	97.073	260.026	47,468
State Homeland Security Program (SHSP)	97.073	260.027	15,713
Pass-Through Oklahoma Office of Homeland Security			
State Homeland Security Program (SHSP)	97.073	144.003	898
State Homeland Security Program (SHSP)	97.073	240.012	122,905
<i>Total State Homeland Security Program</i>			<u>197,314</u>
Total U.S. Department of Homeland Security			<u>8,937,433</u>
Total Federal Assistance			<u>51,850,234</u>
<u>Oklahoma Department of Corrections</u>			
FY2010 Second Chance Interlocal Cooperative Agreement		Interlocal Coop Agreement	6,817
<u>Oklahoma Office of Juvenile Affairs</u>			
Community Intervention Center Interlocal Agreement		PO 4009017686	111,205
FY2012 Contract for Community Intervention Center: an Interlocal Agreement		PO 4009018584	245,087
<u>Oklahoma Office of Emergency Management</u>			
Disaster Grants – Public Assistance		OKC2A87	17,599
Disaster Grants – Public Assistance		OKC003B	1,383
Disaster Grants – Public Assistance		OKC1A87	23,504
Disaster Grants – Public Assistance		OKC3A82	17,518
Disaster Grants – Public Assistance		OKC4A82	8,958
Disaster Grants – Public Assistance		OKC002B	3,621
Disaster Grants – Public Assistance		OKC008B	11,439
Disaster Grants – Public Assistance		OKC013B	20,119
Disaster Grants – Public Assistance		OKC009B	354
Disaster Grants – Public Assistance		Pending	541,626
<i>Total Disaster Grants – State Portion</i>			<u>646,121</u>
<u>Oklahoma Aeronautics Commission</u>			
Install ILS for RW 17L/35R		PWA-10-S	180,936
Total State Assistance			<u>1,190,166</u>
Total Federal and State Assistance			<u>\$ 53,040,400</u>

The City of Oklahoma City, Oklahoma
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

Note 1: Basis of Presentation and Accounting Policies

General

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state award programs of the City of Oklahoma City, Oklahoma (the City), for the year ended June 30, 2013. The City's reporting entity is described in *Note 1* in the City's Consolidated Annual Financial Report (CAFR). Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. Required matching contributions, program income (except certain revolving loan fund program expenditures), private grants and other nonfederal grants and awards are not included in the Schedule.

Basis of Accounting

The accompanying Schedule is presented using the following methods:

- a. For City governmental funds, expenditure of federal funds reported in this Schedule are reported on the modified accrual basis of accounting.
- b. For the Oklahoma City Airport Trust (OCAT), the Central Oklahoma Transportation and Parking Authority (COTPA) and the Oklahoma City Water Utilities Trust (OCWUT), expenditures of federal funds are reported using the cash basis of accounting.

In addition, the accompanying schedule reflects certain adjustments resulting from transfers of funds between grants and grant refunds. As a result, certain grants show negative expenditures.

Note 2: Federal CFDA Numbers

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

Note 3: Outstanding Loan Balance

The City participates in the Community Development Block Grant Section 108 Loan Guarantee Program (CFDA No. 14.248). The activity of the City's Section 108 loans guaranteed by the U.S. Department of Housing and Urban Development are as follows:

Project	Balance, Beginning of Year	Increases During Year	Decreases During Year	Balance, End of Year
Micro-Enterprise and Small Business Loan Program	\$ 3,625,000	\$ -	\$ 150,000	\$ 3,475,000

The City of Oklahoma City, Oklahoma
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

The City also participates in the Environmental Protection Agency's (EPA) Brownsfield Assessment and Cleanup Cooperative Agreements (CFDA No. 66.818). The activity of the loans issued as part of that program is as follows:

Project	Balance, Beginning of Year	Increases During Year	Decreases During Year	Balance, End of Year
Dowell Properties	\$ 1,189,151	\$ -	\$ 121,906	\$ 1,067,245
Dowell Properties – ARRA	\$ 429,440	\$ -	\$ -	\$ 429,440
Shepherd Manor	\$ 50,000	\$ -	\$ -	\$ 50,000

Note 4: Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grant	\$ 1,655,546
14.231	Emergency Shelter Grants	382,137
14.235	Supportive Housing Program	2,360,662
14.238	Shelter Plus Care	241,542
14.241	Housing Opportunities for Persons with AIDS	134,418
16.738	Edward Byrne Memorial Justice Assistance Grant Program	115,293
16.804	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	51,904
	Total federal awards provided to subrecipients	<u>\$ 4,941,502</u>

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma
Oklahoma City, Oklahoma

We have audited the accompanying 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 Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds and the discretely presented component units presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund statements and schedules as of and for the year ended June 30, 2013, which collectively comprise the City's combining and individual fund statements and have issued our report thereon dated December 9, 2013, which contained a reference to the reports of other auditors and an explanatory paragraph disclosing that the prior year financial statements have been restated and the City had a change in accounting principles. 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 Combined Operations of The Cox Convention Center and the Chesapeake Energy Arena, as Managed by SMG, as described in our report on the City's financial statements. The financial statements of The Combined Operations of The Cox Convention Center and the Chesapeake Energy Arena, which are reported within the City's governmental activities, aggregate remaining fund information and nonmajor governmental funds financial statements, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 13-01 through 13-05 to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and responses as items 13-06 through 13-09 to be significant deficiencies.

Compliance

As part of obtaining reasonable assurance about whether the City'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*.

The City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Other Matters

We also noted certain matters that we reported to the City's management in a separate letter dated December 9, 2013.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
December 9, 2013

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 on the Schedule of Expenditures of Federal and State Awards

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Oklahoma City (the City) with the types of compliance requirements described in the OMB, *Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements.

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma

Opinion on Each Major Federal Program

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, 2013.

Report on Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance that we considered to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 13-10.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma

Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have also audited the financial statements of each of the City's nonmajor governmental, enterprise, internal service, fiduciary funds and the discretely presented component units of the City as of and for the year ended June 30, 2013. We issued our report on the above mentioned financial statements and schedules dated December 9, 2013, which contained an unmodified opinion on those financial statements, a reference to the report of other auditors and an explanatory paragraph disclosing that the prior year financial statements have been restated and the City had a change in accounting principles. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements and combining and individual fund statements and schedules. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matter

The City's response to the finding identified in our compliance audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

BKD, LLP

Oklahoma City, Oklahoma
December 9, 2013

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

7. The City's major programs were:

Cluster/Program	CFDA Number
<i>CDBG – Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grant	14.218
<i>CDBG – State-Administered CDBG Cluster</i>	
Community Development Block Grant/State's Program and Nonentitlement Grants in Hawaii	14.228
Supportive Housing Program	14.235
HOME Investment Partnerships Act Program	14.239
Airport Improvement Program	20.106
<i>Federal Transit Cluster</i>	
Federal Transit – Capital Investment	20.500
Federal Transit – Formula Grants	20.507
ARRA – Federal Transit – Formula Grants	20.507
Disaster Grants – Public Assistance	97.036
Assistance to Firefighters Grant	97.044
Advanced Surveillance Program (ASP)	97.118

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,555,507.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

Yes No

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
13-01	<p>Criteria or Specific Requirement – Management of the City, Oklahoma City Public Property Authority (OCPPA), Oklahoma City Water Utilities Trust (OCWUT) and Oklahoma City Municipal Facilities Authority (OCMFA) are responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During 2013, the Finance Department requested that an inventory be conducted to verify the accuracy of the capital asset records. When this capital asset inventory was completed, it was determined that significant adjustments were needed to the capital asset records to remove items listed in the capital asset records that had been improperly capitalized or disposed of in prior years. This resulted in a restatement of the beginning net position in the City and OCPPA’s 2013 financial statements and passed adjustments for the City, OCWUT and OCMFA.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Material misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner resulting in errors in the financial statements.</p> <p>Cause – Capital assets have not historically been properly capitalized or removed in the period that the assets were demolished or otherwise disposed of.</p> <p>Recommendation – The Finance Department should continue its efforts to educate and train management throughout the City and related component units regarding appropriate capital asset accounting policies and procedures.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We will continue our efforts to educate and train management staff throughout the City and related component units to improve capital asset records.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-02	<p>Criteria or Specific Requirement – Management of the Oklahoma City Municipal Facilities Authority (OCMFA) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During the course of the audit, we identified that one insurance contract for coverage from April 2013 to April 2014, had been expensed during 2013 instead of being accrued as a prepaid expense and amortized over the life of the coverage. In addition, during our testing of prepaid expenses, we identified certain licensing fees which were being amortized over one year, instead of the five year-licensing period.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Material misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner, resulting in adjustments to the current year financial statements.</p> <p>Cause – The review process for identifying significant fluctuations from the prior year failed to identify the errors.</p> <p>Recommendation – We recommend management provide additional training over the process for identifying significant fluctuations from prior year to ensure that adequate review and supervision is being performed on the fluctuation analysis.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We will continue to train and develop our professional staff to perform reviews effectively.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-03	<p>Criteria or Specific Requirement – Management of the Oklahoma City Zoological Trust (OCZT) is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition – During a significant portion of the fiscal year under audit, certain financial documents and general ledger entries were not being appropriately reviewed by management. Reviews performed by the finance managers are not consistently or timely performed.</p> <p>Context – Management has a responsibility to monitor financial data for the production of accurate and reliable financial statements.</p> <p>Effect – The potential for undetected fraud, omission or errors increases significantly when financial data and general ledger entries are not being reviewed.</p> <p>Cause – OCZT had significant turnover in the accounting department during the year.</p> <p>Recommendation – We recommend management evaluate its review processes and implement adequate monitoring controls over financial reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Finance Assistant left first, followed by the CFO and the Finance Manager. One or more of the positions that conducted reviews were vacant for a major portion of fiscal year 2013. The review of documents and entries resumed when the Finance Manager position was filled in January. The Finance Department was fully staffed in April of 2013.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-04	<p>Criteria or Specific Requirement – Management of the Oklahoma City Redevelopment Authority (OCRA) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Numerous control deficiencies were noted surrounding OCRA’s ability to produce fairly stated financial information. These include:</p> <ul style="list-style-type: none"> • No review performed over journal entries made to general ledgers • Failure to balance all fund ledgers • Failure to record and properly account for certain revenue accruals, expense accruals and interfund transactions. <p>Context – Accurate financial information is critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potentially material misstatements in the financial statements due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – OCRA did not have accounting personnel with sufficient training to appropriately address the control deficiencies noted above.</p> <p>Recommendation – We recommend management provide additional training to accounting personnel and/or augment the current accounting staff with supervisory personnel which have adequate training to provide adequate oversight over the financial reporting function.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with the finding and have taken corrective action by hiring a chief financial officer to provide oversight to the financial reporting function of OCRA.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-05	<p>Criteria or Specific Requirement – Management of OCRA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – OCRA relies upon calculations provided by payers of certain major revenue sources for accurate revenue recognition. However, OCRA has not requested nor received independent verification of those calculations as provided in the terms of the respective agreements.</p> <p>Context – Accurate financial information is critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potentially material misstatements in the financial statements due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – The management of OCRA has not requested the independent verifications allowed to OCRA under the terms of leases into which it has entered.</p> <p>Recommendation – We recommend management request and obtain independent assurance that the rental revenues it receives are properly supported and calculated either by those means allowed under the terms of its leases or by other mutually agreeable methods.</p> <p>Views of Responsible Officials and Planned Corrective Action – Management agrees greater assurance is needed relative to rental receipts and will work closely with lessees to obtain same.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-06	<p>Criteria or Specific Requirement – Management of OCPPA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – OCPPA entered into a contract prior to June 30, 2013, which provided a significant nonrefundable fee to the Authority that was earned when the contract was signed. The payment for this nonrefundable fee was not received until after year-end. OCPPA failed to record the revenue and receivable at June 30, 2013, as required by generally accepted accounting principles.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Unadjusted misstatements in the financial statements resulted from this revenue recognition error that occurred and was not detected and/or corrected in OCPPA’s June 30, 2013, financial statements.</p> <p>Cause – Certain controls in the transaction review process were not in place or did not operate effectively to identify and correct this revenue recognition error.</p> <p>Recommendation – We recommend significant transactions and related agreements be properly reviewed by the appropriate personnel to ensure the proper accounting is accorded to these transactions and agreements.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We have a process in place to review significant transactions and related agreements. We will continue to improve training of staff and efforts to obtain adequate levels of staffing to perform improved reviews.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-07	<p>Criteria or Specific Requirement – Management of the Oklahoma City Economic Development Trust (OCEDT) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – OCEDT recorded multiple years’ worth of depreciation in the current year for the Oklahoma City Myriad Gardens Foundation assets transferred to OCEDT in 2011 and recorded in OCEDT’s capital asset system in the current year. When this was brought to their attention, OCEDT recorded an adjustment to correct the error.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements due to error could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – Current control processes and procedures did not timely identify the need to make adjustments to OCEDT’s depreciation accounts.</p> <p>Recommendation – We recommend an enhancement of the review of the data entered into the Asset Management System for additions and transfers. The review should include, at a minimum, the service placement dates, asset life and amounts. A subsequent review of depreciation amounts calculated by the system would also be beneficial.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree additional review and improvement of procedures is necessary for effective review of capital asset transactions. We will continue to improve training of staff and efforts to obtain adequate levels of staffing to perform improved reviews.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-08	<p>Criteria or Specific Requirement – Management of Oklahoma City Metropolitan Area Public Schools Trust (OCMAPS) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Unspent amounts of funds advanced to suburban schools for capital projects are recorded as a receivable at fiscal year-end. OCMAPS’ controls surrounding the determination of the year-end receivable balance were not sufficient to prevent or detect a material error in that balance. An adjustment was proposed to remove amounts from expense and record the related receivable for a portion of funds advances to suburban schools which were not yet fully spent at year-end.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potentially material misstatements in the financial statements due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – Miscommunication with schools regarding the amount of unspent funds at year-end, which resulted in improper accounting treatment.</p> <p>Recommendation – To ensure proper year-end reporting of unspent payments, we recommend that the current process be enhanced to include requesting current year activity from the schools along with a formal document stating the amount spent during the year and unspent balance by suburban schools.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We will coordinate with our external auditors to request information in writing from the public schools in order to avoid duplicating requests for information from public schools and to ensure consistency of information received.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding
13-09	<p>Criteria or Specific Requirement – Management of OCRA is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Incompatible duties are being performed by a single individual creating a situation where misstatements could occur and not be detected or prevented in a timely manner. Specifically, the same individual responsible for preparing deposits also reconciles the bank accounts and records receipts to the general ledger.</p> <p>Context – Adequate segregation of duties is critical to maintaining effective internal controls over financial reporting.</p> <p>Effect – Potentially material misstatements in the financial statements due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – An insufficient number of accounting personnel have been assigned to perform the duties related to the cash controls and management has not implemented sufficient monitoring controls over cash receipts.</p> <p>Recommendation – We recommend that incompatible duties be performed by separate individuals or, if that is impractical, those duties be subject to regular and documented review by a management level individual.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management of OCRA agrees that adequate segregation of duties is necessary to maintain effective internal control over financial reporting. Management has developed written accounting procedures and controls to correct the deficiency. Specific to cash controls, all receipts are received and logged by the office assistant. Receipt logs are reviewed and compared to bank statements regularly by the chief financial officer.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Known Questioned Costs
13-10	<p style="text-align: center;">Community Development Block Grants/Entitlement Grants (CDBG Entitlement Grants Cluster) and Supportive Housing Program CFDA Nos. 14.218 and 14.235 U.S. Department of Housing and Urban Development (HUD) Reporting</p> <p>Criteria or Specific Requirement – Pursuant to the passage of the <i>Federal Funding Accountability and Transparency Act (FFATA)</i>, the City is required to submit an accurate FFATA sub-award report by the end of the month following the month in which the City awards any sub-grant in excess of \$25,000.</p> <p>Condition – The City did not timely file the FFATA sub-award reports for any of its applicable HUD programs for the fiscal year ending September 30, 2013.</p> <p>Context – The FFATA sub-award report is required to be submitted by the end of the month following the month in which the City awards any sub-grant in excess of \$25,000.</p> <p>Effect – The program FFATA reporting requirements were not followed in the manner required by federal regulations.</p> <p>Cause – The City did not have adequate internal controls or procedures in place to ensure the reports were filed accurately and timely when applicable.</p> <p>Recommendation – It is recommended that the City ensure controls relating to the timely and accurate completion of the FFATA sub-report be included in the City’s grant compliance manual procedures and ensure future completion is within the specified timeline in the FFATA Sub-award Reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. We have completed all required filings for FFATA sub-awards of applicable HUD programs and will implement controls to ensure all FFATA required filings are met timely in the future. We will add procedures to the City’s Grant Compliance Manual and a requirement for verification to central oversight responsibilities.</p>	None
13-10	<p>Contact Person Responsible for Corrective Action – Glen Earley</p>	

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2013

Reference Number	Finding	Known Questioned Costs
-----------------------------	----------------	---------------------------------------

(continued)

Anticipated Completion Date – Immediately

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Reference Number	Finding	Questioned Costs
-----------------------------	----------------	-----------------------------

No matters are reportable.