

# **City of Tulsa, Oklahoma**

Compliance Report  
Year Ended June 30, 2022

## Contents

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Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for each major federal program, report on internal control over compliance, and report on schedule of expenditures of federal awards required by the Uniform Guidance	3-5
Schedule of expenditures of federal awards	6-9
Notes to schedule of expenditures of federal awards	10
Summary schedule of prior audit findings	11
Schedule of findings and questioned costs	12-13
Corrective action plan	14

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RSM US LLP

**Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor, City Council and  
Audit Committee  
City of Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Performing Arts Center Trust, 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes an emphasis of matter paragraph due to the adoption of GASB Statement No. 87, *Leases*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **Purpose of this Report**

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

*RSM US LLP*

Kansas City, Missouri  
December 22, 2022



RSM US LLP

**Report on Compliance for Each Major Federal Program,  
Report on Internal Control Over Compliance, and  
Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor, City Council and  
Audit Committee  
City of Tulsa, Oklahoma

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

***Opinion on Each Federal Program***

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Other Matter—Federal Expenditures not Included in the Compliance Audit**

The City of Tulsa, Oklahoma’s basic financial statements include the operations of the Tulsa Airports Improvement Trust (TAIT), Tulsa Development Authority (TDA) and Tulsa Performing Arts Center Trust (TPACT), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. Our audit, described below, did not include the operations of TST or TPACT because these component units engaged other auditors to perform their June 30, 2022 audit. Our audit, described below, did not include the operations of TDA because they were not required to have a separate audit in accordance with the Uniform Guidance as their federal expenditures for the year ending June 30, 2022 were less than \$750,000. Our audit, described below, did not include the operations of TAIT because they issued a separate compliance report in accordance with the Uniform Guidance for the year ended June 30, 2022.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated December 22, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RSM US LLP*

Kansas City, Missouri  
December 22, 2022

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>CDBG - Entitlement Grants Cluster</b>				
<b>Direct Programs:</b>				
		B-19-MC-40-0004 B-20-MC-40-0004 B-21-MC-40-0004	\$ 4,743,406	\$ 2,700,553
Community Development Block Grants/Entitlement Grants	14.218			
COVID-19 Community Development Block Grants-CV/Entitlement Grants	14.218	B-20-MW-40-0004	448,815	410,369
Total CDBG - Entitlement Grants Cluster			5,192,221	3,110,922
		E-20-MC-40-0004 E-21-MC-40-0004	288,996	269,389
Emergency Solutions Grant Program	14.231			
COVID-19 Emergency Solutions Grant Program-CV	14.231	E-20-MW-40-0004	2,412,089	2,343,675
Total Emergency Solutions Grant Program			2,701,085	2,613,064
		M-15-MC-40-0202 M-18-MC-40-0202 M-19-MC-40-0202 M-20-MC-40-0202 M-21-MC-40-0202	2,880,308	2,406,933
Home Investment Partnerships Program	14.239			
COVID-19 Home Investment Partnerships - American Rescue Plan	14.239	M-21-MP-40-0202	6,154	-
Total Home Investment Partnerships Program			2,886,462	2,406,933
		OK-H19-F002 OK-H20-F002 OK-H21-F002	708,893	688,897
Housing Opportunities for Persons with AIDS	14.241			
HOPE VI Cluster, River West Choice Neighborhood Grant	14.889	OK61073CNG117	862,861	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>12,351,522</b>	<b>8,819,816</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b>Direct Programs:</b>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0886	425,218	-
<a href="#"><u>Pass-Through State of Oklahoma District Attorney Council</u></a>				
Crime Victim Assistance	16.575	2020-VOCA-TULSA-CI-056	9,197	-
Crime Victim Assistance	16.575	2021-VOCA-TULSA-CI-061	28,782	-
Crime Victim Assistance	16.575	2020-VOCA-TULSA-CI-080	15,477	-
Crime Victim Assistance	16.575	2021-VOCA-TULSA-CI-023	46,712	-
Total Crime Victim Assistance			100,168	-
<b>Direct Programs:</b>				
Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX-0132	114,846	-
<a href="#"><u>Pass-Through State of Oklahoma District Attorney Council</u></a>				
Violence Against Women Formula Grants	16.588	2020/21-VAWA-Tulsa PD-00023	2,870	-
Violence Against Women Formula Grants	16.588	2022/23-VAWA-Tulsa PD-00054	2,238	-
Violence Against Women Formula Grants	16.588	2020/21-VAWA-Tulsa PD-00024	33,690	-
Total Violence Against Women Formula Grants			38,798	-

(Continued)



**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures	Amounts Provided to Subrecipients
<b>Direct Programs:</b>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045	3,731	3,731
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045 (2)	224,750	215,719
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			228,481	219,450
 <a href="#">Pass-Through State of Oklahoma District Attorney Council</a>				
Project Safe Neighborhoods	16.609	PSNN18-001	16,861	-
Project Safe Neighborhoods	16.609	19SNN01	62,963	-
Total Project Safe Neighborhoods			79,824	-
 <b>Direct Programs:</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0765	16,191	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DG-BX-0006	180,773	16,057
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0576	69,561	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0388	155,486	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01753-JAGX	25,457	-
Total Edward Byrne Memorial Justice Assistance Grant Program			447,468	16,057
 DNA Backlog Reduction Program	 16.741	 2019-DN-BX-0037	 113,700	 -
DNA Backlog Reduction Program	16.741	2020-DN-BX-0080	147,496	-
Total DNA Backlog Reduction Program			261,196	-
 <a href="#">Pass-Through State of Oklahoma District Attorney Council</a>				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	20F004	3,786	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	21F002	4,705	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program			8,491	-
 <a href="#">Pass-Through Tulsa County District Attorney</a>				
Justice and Mental Health Collaboration Program	16.745	15PBJA-21-GG-03974-MENT	17,504	-
 <b>Direct Programs:</b>				
Innovations in Community-Based Crime Reduction	16.817	2020-BJ-BX-0006	24,987	-
 National Sexual Assault Kit Initiative	 16.833	 2018-AK-BX-0015	 378,841	 15,081
National Sexual Assault Kit Initiative	16.833	15PBIA-21-GG-04310-SAKI	11,031	11,031
Total National Sexual Assault Kit Initiative			389,872	26,112
 Equitable Sharing Program	 16.922	 OK0720500	 33,208	 -
<b>Total U.S. Department of Justice</b>			2,170,061	261,619

(Continued)

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Highway Planning and Construction Cluster</b>				
<a href="#">Pass-Through Oklahoma Department of Transportation</a>				
Highway Planning and Construction	20.205	STP-172A(335)IG	1,023,361	-
Highway Planning and Construction	20.205	TCSP-272E(042)TC	2,816	-
<a href="#">Pass-Through Indian Nations Council of Governments (INCOG)</a>				
Highway Planning and Construction	20.205	112415	178	-
Highway Planning and Construction	20.205	136650	59,355	-
Total Highway Planning and Construction Cluster			1,085,710	-
<b>Federal Transit Cluster</b>				
<b>Direct Programs:</b>				
Federal Transit Formula Grants	20.507	OK-2016-001-00	30,648	-
Federal Transit Formula Grants	20.507	OK-2018-011-00	42,938	-
Federal Transit Formula Grants	20.507	OK-2019-024-00	618,163	-
COVID-19 Federal Transit Formula Grants - CARES ACT	20.507	OK-2020-022-00	9,538,844	-
Federal Transit Formula Grants	20.507	OK-2022-034-00	1,006,379	-
Total Federal Transit Formula Grants			11,236,972	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	OK-2017-025-00	81,160	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	OK-2017-026-00	95,680	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	OK-2018-007-00	458,317	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	OK-2021-021-00	2,880,498	-
Total Bus and Bus Facilities Formula & Discretionary Programs			3,515,655	-
Total Federal Transit Cluster			14,752,627	-
<b>Transit Services Programs Cluster</b>				
<a href="#">Pass-Through Indian Nations Council of Governments (INCOG)</a>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	22222	48,578	-
<b>Highway Safety Cluster</b>				
<a href="#">Pass-Through State of Oklahoma Highway Safety Office</a>				
State and Community Highway Safety	20.600	PT-21-03-27-14	32,615	-
State and Community Highway Safety	20.600	PT-22-03-27-15	54,978	-
Total State and Community Highway Safety and Highway Safety Cluster			87,593	-
Total U.S. Department of Transportation			15,974,508	-
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<b>Direct Programs:</b>				
Equitable Sharing Program	21.016	TULSA POLICE DEPT (OK)	105,191	-
<b>Direct Programs:</b>				
COVID-19 Emergency Rental Assistance Program	21.023	ERA-2101070472	5,637,832	5,559,727
COVID-19 American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRF	14,569,366	2,169,443
Total U.S. Department of the Treasury			20,312,389	7,729,170

(Continued)

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures	Amounts Provided to Subrecipients
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Clean Water State Revolving Fund Cluster</b>				
<a href="#">Pass-Through State of Oklahoma Water Resources Board</a>				
<a href="#">Tulsa Metropolitan Utility</a>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-19-0001-CW	2,447,094	-
<b>Direct Programs:</b>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F70901-0	468,737	116,120
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01F48401-0	35,801	-
Total Brownfields Assessment and Cleanup Cooperative Agreements			504,538	116,120
<b>Total U.S. Environmental Protection Agency</b>			2,951,632	116,120
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<a href="#">Pass-Through State of Oklahoma Dept. of Emergency Management</a>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4438-DR-OK	245,209	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4587-DR-OK	38,698	-
			283,907	-
Hazard Mitigation Grant	97.039	FEMA -4274-0007-OK	63	-
Hazard Mitigation Grant	97.039	FEMA-4373-DR-OK	6,215	-
Total Hazard Mitigation Grants			6,278	-
<b>Direct Program:</b>				
Assistance to Firefighters Grant	97.044	EMW-2020-FP-00252	44,210	-
<a href="#">Pass-Through State of Oklahoma Dept. of Emergency Management</a>				
Building Resilient Infrastructure and Communities Program	97.047	PDMC-PL-06-OK-2018-001	14,629	-
<a href="#">Pass-Through State of Oklahoma Office of Homeland Security</a>				
Homeland Security Grant Program	97.067	1190.020	30,750	-
Homeland Security Grant Program	97.067	1160.022	10,770	-
Total State Homeland Security Grant Program			41,520	-
<b>Direct Program:</b>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2020 SAFER	1,810,858	-
<b>Total U.S. Department of Homeland Security</b>			2,201,402	-
<b>Total Federal Expenditures</b>			\$ 55,961,514	\$ 16,926,725

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, 2022

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Tulsa, Oklahoma (the City) and some of the City's component units for the year ended June 30, 2022. The schedule of expenditures of federal awards does not include the federal grant activity of the Tulsa Development Authority, the Tulsa Airport Improvement Trust and the Tulsa Performing Arts Center Trust, 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 are included in the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

#### **Note 2. Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred. Such expenditures are reported following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

#### **Note 3. Indirect Cost Rate**

The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

Identifying Number: 2021-001

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designed to prevent or detect and correct misstatements on a timely basis. In accordance with US GAAP, donated (contributed) capital assets should be reported at acquisition value at the date of contribution.

Condition: The City did not accurately record donated infrastructure capital assets in the financial statements of the stormwater management fund and governmental activities. On an annual basis, the Development Services Department provides the Finance Department with the detailed listing of donated infrastructure capital assets received by the City from developers (which impacts stormwater, streets, water and sewer capital assets). During audit testing performed, an error was identified on the value of the capital assets recorded. Upon further review of the detailed listing of capital asset projects, management determined that half of the listing had errors. Specifically, the acquisition value was overstated because the entire project cost had been allocated to each of the stormwater, streets, water and sewer and capitalized by the City, versus the correct value of the stormwater and street assets to be owned and maintained by the City.

Cause: City personnel did not have an adequate process in place to review the donated infrastructure assets for accuracy and properly report these capital contributions in the financial statements.

Effect or potential effect: An audit adjustment was proposed, and recorded by management, in the stormwater management fund and governmental activities to decrease capital assets and contributed revenue by approximately \$2.9 million and \$1.8 million, respectively, to correct this error.

Recommendation: We recommend City personnel implement the necessary procedures to ensure the acquisition value of capital asset contributions is properly determined and recorded in the financial statements.

View of responsible officials: Management agrees with this finding.

Corrective Action Taken: During fiscal year 2022, the City implemented procedures to the ensure adequate review of donated infrastructure capital assets received by the City from developers to ensure the acquisition value of capital asset contributions is properly recorded in the financial statements.

Status of Audit Finding: Corrected

**City of Tulsa, Oklahoma**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)?  Yes  No

**Identification of major federal programs:**

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
14.218	CDBG-Entitlement Grants Cluster
14.231	Emergency Solutions Grant Program
14.239	Home Investment Partnerships Program
20.507 and 20.526	Federal Transit Cluster
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$1,678,845

- Auditee qualified as low-risk auditee?  Yes  No

(Continued)

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

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**II. Financial Statement Findings**

**A. Internal Control**

*2022-001 – Error in recording the fair value of pooled cash and investments – material weakness*

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designed to prevent or detect and correct misstatements on a timely basis. In accordance with US GAAP, investments should be reported at fair value.

Condition: The fair value of the City's investment portfolio that was reported in the general ledger was not materially correct as of June 30, 2022. Through our independent fair value testing and confirmation procedures, we identified a material variance between the fair value of the investment portfolio and the City's general ledger.

Cause: On a monthly basis, the treasury department adjusts the fair value of the investment portfolio within their Sympro software. The fair value of the investment portfolio for the month ended June 30, 2022 within the Sympro software was not properly adjusted. Therefore, the amounts had remained unadjusted from the fair value as of May 31, 2022, and these were the values that were used by the City's finance department to record year-end fair value adjusting entries in the general ledger at June 30, 2022. There was not an adequate process in place to review the pooled portfolio cash and investments to verify they were properly recognized at fair value as of year-end.

Effect or potential effect: An audit adjustment was proposed, and recorded by management, in the impacted funds and component units to decrease the fair value of investments and investment income recognized by approximately \$50 million in total, to correct this error.

Recommendation: We recommend City personnel perform the necessary procedures to ensure the pooled portfolio of cash and investments are accurately reported at fair value in the financial statements in accordance with U.S. GAAP.

View of responsible officials: Management agrees with this finding.

**B. Compliance Findings**

No matters to report.

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

**A. Internal Control**

No matters to report.

**B. Instances of Noncompliance**

No matters to report.

**CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2022**

Identifying Number: 2022-001

Finding: The City did not properly record the fair value of the investment portfolio. On an annual basis, the Finance department records an adjustment in the general ledger to state the value of investments at the current fair value. An error occurred in the process of updating the report used to make the adjustment. Specifically, the updated amounts input into the investment tracking system were not captured in the report used to record the fair value adjustment.

Corrective Actions Taken: The City will implement procedures to ensure adequate review of fair values in the investment tracking system report used for recording the annual fair value adjustment in the general ledger to ensure the investment portfolio value is properly recorded in the financial statements.

Contact person(s) responsible for corrective action: Binu Abraham, Director of Revenue and Customer Experience

Anticipated completion date: January 6, 2023