

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2021

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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, 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, 2021, 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, 2021. 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 emphasis of matter paragraphs stating that the beginning net position of the governmental activities, business-type activities and aggregate remaining fund information was restated for a change in reporting entity and that the beginning net position of the custodial fund fiduciary activities was restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

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 Finding

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

Purpose of this Report

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

RSM US LLP

Kansas City, Missouri
December 22, 2021



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

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements described 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, 2021. 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.

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, 2021 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, 2021 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, 2021.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2021, 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, 2021, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors. Our report includes emphasis of matter paragraphs stating that the beginning net position of the governmental activities, business-type activities and aggregate remaining fund information was restated for a change in reporting entity and that the beginning net position of the custodial fund fiduciary activities was restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. 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
March 31, 2022, except for our report on the schedule
of expenditures of federal awards, for which the
date is December 22, 2021

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
CDBG - Entitlement Grants Cluster				
Direct Programs:				
		B-16-MC-40-0004 B-17-MC-40-0004 B-18-MC-40-0004 B-19-MC-40-0004 B-20-MC-40-0004		
Community Development Block Grants/Entitlement Grants	14.218		\$ 5,898,084	\$ 4,069,214
COVID-19 Community Development Block Grants-CV/Entitlement Grants	14.218	B-20-MW-40-0004	978,093	950,000
Total CDBG - Entitlement Grants Cluster			6,876,177	5,019,214
		E-17-MC-40-0004 E-18-MC-40-0004 E-19-MC-40-0004 E-20-MC-40-0004		
Emergency Solutions Grant Program	14.231		227,026	204,603
COVID-19 Emergency Solutions Grant Program-CV	14.231	E-20-MW-40-0004	544,444	493,738
Total Emergency Solutions Grant Program			771,470	698,341
		M-15-MC-40-0202 M-16-MC-40-0202 M-17-MC-40-0202 M-18-MC-40-0202 M-19-MC-40-0202 M-20-MC-40-0202		
Home Investment Partnerships Program	14.239		849,252	530,474
		OK-H17-F002 OK-H18-F002 OK-H19-F002 OK-H20-F002		
Housing Opportunities for Persons with AIDS	14.241		413,425	392,750
COVID-19 Housing Opportunities for Persons with AIDS-CV	14.241	OK-H20-FHW002	83,109	79,539
Total Housing Opportunities for Persons with AIDS			496,534	472,289
Total U.S. Department of Housing and Urban Development			8,993,433	6,720,318
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0886	217,575	-
Pass-Through State of Oklahoma District Attorney Council				
Crime Victim Assistance	16.575	2019-VOCA-TULSA-CI-027	2,781	-
Crime Victim Assistance	16.575	2020-VOCA-TULSA-CI-056	35,659	-
Crime Victim Assistance	16.575	2019-VOCA-TULSA-CI-157	18,903	-
Crime Victim Assistance	16.575	2020-VOCA-TULSA-CI-080	43,570	-
Total Crime Victim Assistance			100,913	-
Direct Programs:				
Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX-0132	112,784	-
Pass-Through State of Oklahoma District Attorney Council				
Violence Against Women Formula Grants	16.588	2020/21-VAWA-Tulsa PD-00024	28,893	-
Total Violence Against Women Formula Grants			28,893	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045	76,503	73,909
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045 (2)	21,455	19,870
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			97,958	93,779
<u>Pass-Through State of Oklahoma District Attorney Council</u>				
Project Safe Neighborhoods	16.609	PSNN18-001	29,512	-
Project Safe Neighborhoods	16.609	19SNN01	20,835	-
Total Project Safe Neighborhoods			50,347	-
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0831	123,821	13,702
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0765	111,813	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DG-BX-0006	120,951	32,560
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0576	181,865	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0388	33,079	-
Total Edward Byrne Memorial Justice Assistance Grant Program			571,529	46,262
DNA Backlog Reduction Program	16.741	2018-DN-BX-0086	121,455	-
DNA Backlog Reduction Program	16.741	2019-DN-BX-0037	125,457	-
Total DNA Backlog Reduction Program			246,912	-
<u>Pass-Through State of Oklahoma District Attorney Council</u>				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF19-004	13,601	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	20F004	28,072	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program			41,673	-
Direct Programs:				
Innovations in Community-Based Crime Reduction	16.817	2020-BJ-BX-0006	2,250	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0015	462,404	63,083
Equitable Sharing Program	16.922	OK0720500	119,370	-
Equitable Sharing Program	16.922	OK0721600	32,258	-
Total Equitable Sharing Program			151,628	-
Total U.S. Department of Justice			2,084,866	203,124

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Cluster				
<u>Pass-Through Oklahoma Department of Transportation</u>				
Highway Planning and Construction	20.205	STP-172A(335)IG	27,027	-
Highway Planning and Construction	20.205	TCSP-272E(042)TC	26,620	-
<u>Pass-Through Indian Nations Council of Governments (INCOG)</u>				
Highway Planning and Construction	20.205	112415	25,858	-
Total Highway Planning and Construction and Highway Planning and Construction Cluster			79,505	-
Federal Transit Cluster				
Direct Programs:				
Federal Transit Formula Grants	20.507	OK-2016-005-00	66,349	-
Federal Transit Formula Grants	20.507	OK-2019-024-00	622,522	-
COVID-19 Federal Transit Formula Grants - CARES ACT	20.507	OK-2020-022-00	9,139,036	-
Total Federal Transit Formula Grants			9,827,907	-
Bus and Bus Facilities Formula & Discretionary Programs	20.526	OK-2017-026-00	42,981	-
Total Federal Transit Cluster			9,870,888	-
Transit Services Program Cluster				
<u>Pass-Through Indian Nations Council of Governments (INCOG)</u>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	20209	70,000	-
Highway Safety Cluster				
<u>Pass-Through State of Oklahoma Highway Safety Office</u>				
State and Community Highway Safety	20.600	SE-20-03-10-13	21,075	-
State and Community Highway Safety	20.600	PT-21-03-27-14	38,642	-
Total State and Community Highway Safety and Highway Safety Cluster			59,717	-
Total U.S. Department of Transportation			10,080,110	-
U.S. DEPARTMENT OF THE TREASURY				
Direct Programs:				
Equitable Sharing Program	21.016	TULSA POLICE DEPT (OK)	59,229	-
<u>Pass-Through State of Oklahoma Dept. of Emergency Management</u>				
COVID-19 Coronavirus Relief Fund	21.019	SA-0084	30,923,816	-
Direct Programs:				
COVID-19 Emergency Rental Assistance Program	21.023	ERA-2101070472	5,807,533	5,771,323
Total U.S. Department of the Treasury			36,790,578	5,771,323
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F70901-0	470,720	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01F48401-0	40,207	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01F65401-0	243,150	-
Total Brownfields Assessment and Cleanup Cooperative Agreements			754,077	-
Total U.S. Environmental Protection Agency			754,077	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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
U.S. DEPARTMENT OF HOMELAND SECURITY				
<u>Pass-Through State of Oklahoma Dept. of Emergency Management</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4438-DR-OK	3,218,135	-
Hazard Mitigation Grant	97.039	FEMA -4274-0007-OK	2,138	-
Hazard Mitigation Grant	97.039	FEMA -4315-DR-OK	135,987	-
Hazard Mitigation Grant	97.039	FEMA-4373-DR-OK	99,996	-
Total Hazard Mitigation Grants			238,121	-
<u>Pass-Through State of Oklahoma Office of Homeland Security</u>				
Homeland Security Grant Program	97.067	1060.016	43,692	-
Homeland Security Grant Program	97.067	1060.022	18,619	-
Total State Homeland Security Grant Program			62,311	-
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2016 SAFER	260,607	-
Total U.S. Department of Homeland Security			3,779,174	-
Total Federal Expenditures			\$ 62,482,238	\$ 12,694,765

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, 2021

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, 2021. 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 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.

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

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:

ALN Number	Name of Federal Program or Cluster
20.507 and 20.526	Federal Transit Cluster
21.019	COVID-19 - Coronavirus Relief Fund
21.023	COVID-19 - Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$1,874,467

Auditee qualified as low-risk auditee?

Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

II. Financial Statement Findings

A. Internal Control

2021-001—Error in recording donated infrastructure capital assets—significant deficiency

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 accurately determined and recorded in the financial statements.

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.