

CITY OF BEAUMONT

FEDERAL AND STATE SINGLE AUDIT REPORT

**For the Fiscal Year Ended
September 30, 2021**

CITY OF BEAUMONT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditure of Federal and State Awards Required by the <i>Uniform Guidance</i> and the <i>State of Texas Uniform Grant Management Standards</i>	3
Schedule of Findings and Questioned Costs	7
Schedule of Expenditures of Federal and State Awards	9
Notes to Schedule of Expenditures of Federal and State Awards	12
Summary Schedule of Prior Audit Findings	13
Corrective Action Plan	14

To the Honorable Mayor and
Members of the City Council
City of Beaumont

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
March 29, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS REQUIRED BY THE *UNIFORM GUIDANCE AND
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS***

To the Honorable Mayor and
Members of the City Council
City of Beaumont

Report on Compliance for Each Major Federal and State Program

We have audited the City of Beaumont’s (the “City”) compliance with the types of requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the *State of Texas Uniform Grant Management Standards* that could have a direct and material effect on each of the City’s major federal and state programs for the year ended September 30, 2021. The City’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal and state 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), and the *State of Texas Uniform Grant Management Standards*. Those standards and the Uniform Guidance and the *State of Texas Uniform Grant Management Standards* 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 and state 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 and state program. However, our audit does not provide a legal determination of the City’s compliance.

To the Honorable Mayor and
Members of the City Council
City of Beaumont

Opinion on Each Major Federal and State 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 and state programs for the year ended September 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 and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Uniform Grant Management Standards*, 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 and state 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 and state 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 and state 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 and the *State of Texas Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 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 March 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

To the Honorable Mayor and
Members of the City Council
City of Beaumont

The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *State of Texas Uniform Grant Management Standards* and is not a required part of 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
March 29, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	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)?	No
Identification of Major Federal Programs:	

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Community Development Block Grants/Entitlement Cluster	14.218
Federal Transit Cluster	20.507
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

I. Summary of Auditors' Results (continued)

State Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Management Standards? None

Identification of Major State Programs:

Name of State Program or Cluster

State/Local Urban Transportation Grant

Dollar Threshold Considered Between Type A and Type B Programs \$300,000

State Single Audit - Auditee qualified as low-risk auditee? Yes

II. Financial Statement Findings

None Noted

III. Federal Award Findings and Questioned Costs

None Noted

IV. State Award Findings and Questioned Costs

None Noted

CITY OF BEAUMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	ALN*	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed Through the Texas Health and Human Services Commission:				
<u>SNAP Cluster:</u>				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.561	HHS0008000900001	\$ -	\$ 671,450
Total U.S. Department of Agriculture			<u>-</u>	<u>671,450</u>
U.S. Department of Housing and Urban Development				
Direct Program(s):				
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0003	-	391,639
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0003	-	610
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0003	366,617	644,960
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0003	458,225	1,093,951
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-48-0003	-	7,208
Community Development Block Grants/Entitlement Grants (COVID-19)	14.218	B-20-MW-48-0003	982,976	1,009,533
Total CDBG - Entitlement Grants Cluster			<u>1,807,818</u>	<u>3,147,901</u>
HOME Investment Partnerships Program	14.239	M-18-MC-48-0201	11,436	31,005
HOME Investment Partnerships Program	14.239	M-19-MC-48-0201	39,904	156,868
HOME Investment Partnerships Program	14.239	M-20-MC-48-0201	224,745	252,768
Total ALN 14.239			<u>276,085</u>	<u>440,641</u>
Passed Through the Texas General Land Office:				
Community Development Block Grant Disaster Recovery Local Buyout/Acquisition Project-Harvey	14.228	B-17-DM-48-0001	-	61,737
Community Development Block Grant Disaster Recovery Program Infrastructure Projects	14.228	GLO cont # 20-065-144-C843	-	439,376
Total ALN 14.228			<u>-</u>	<u>501,113</u>
Total U.S. Department of Housing and Urban Development			<u>2,083,903</u>	<u>4,089,655</u>
U.S. Department of Justice				
Direct Program(s):				
Asset Forfeiture	16.000	N/A	-	143,447
Project Safe Neighborhoods (PSN)	16.609	2018-GP-BX-0064	-	39,042
Edward Byrne Memorial Justice Assistance Grant (JAG) 2018	16.738	2018-DJ-BX-0416	459	2,561
Edward Byrne Memorial Justice Assistance Grant (JAG) 2019	16.738	2019-DJ-BX-0556	512	26,642
Edward Byrne Memorial Justice Assistance Grant (JAG) 2020	16.738	2020-DJ-BX-0647	41,462	108,800
Total ALN 16.738			<u>42,433</u>	<u>138,003</u>
Coronavirus Emergency Supplemental Funding Program (COVID-19)	16.034	2020-VD-BX-0748	-	23,162
Coronavirus Emergency Supplemental Funding Program (COVID-19)	16.034	2020-VD-BX-0002	-	53,665
Total ALN 16.034			<u>-</u>	<u>76,827</u>
Passed Through the Texas Office of the Attorney General Southern ICAC Task Force				
Internet Crimes Against Children	16.543	2018-MC-FX-KO65	-	3,071
Total U.S. Department of Justice			<u>42,433</u>	<u>400,390</u>
U.S. Department of Transportation				
Direct Program(s):				
<u>Federal Transit Cluster:</u>				
Federal Transit Formula Grants	20.507	TX-2020-061-00	-	2,772,366
Federal Transit Formula Grants	20.507	TX-2021-022-00	-	965,776
Federal Transit Formula Grants	20.507	TX-2021-034-00	-	570,284
Federal Transit Formula Grants	20.507	TX-2021-055-00	-	657,976
Total Federal Transit Cluster			<u>-</u>	<u>4,966,402</u>
Passed Through Texas Department of Transportation:				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	20-245-204	-	476,951
<u>Highway Safety Cluster:</u>				
State and Community Highway Safety	20.600	2021-Beaumont-S-1YG-00110	-	87,528
Total U.S. Department of Transportation			<u>-</u>	<u>5,530,881</u>

* Assistance Listing Number (ALN) formerly known as Catalog of Federal Domestic Assistance (CFDA).

CITY OF BEAUMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	ALN*	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
Passed Through the Texas Department of Emergency Management:				
<i>Coronavirus State and Local Fiscal Recovery Funds (COVID-19)</i>	21.027	SLFRP1085	\$ -	\$ 3,002,641
Total U.S. Department of Treasury			<u>-</u>	<u>3,002,641</u>
U.S. Department of Health and Human Services				
Passed Through the Texas Department of State Health Services:				
<i>Public Health Emergency Preparedness (Amendment #4)</i>	93.069	537-18-0161-00001	-	81,730
<i>Public Health Emergency Preparedness (Amendment #5)</i>	93.069	537-18-0161-00001	-	21,458
<i>Total ALN 93.074</i>			<u>-</u>	<u>103,188</u>
<i>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</i>	93.116	HHS000686100002	-	14,178
<i>Project Grants and Cooperative Agreements for Tuberculosis Control Programs (Amendment #1)</i>	93.116	HHS000686100002	-	14,793
<i>Total ALN 93.116</i>			<u>-</u>	<u>28,971</u>
<i>Immunization Cooperative Agreements (Amendment #2)</i>	93.268	HHS000102200001	-	71,401
<i>Immunization Cooperative Agreements (Amendment #3)</i>	93.268	HHS000102200001	-	18,613
<i>Immunization Cooperative Agreements (COVID-19)</i>	93.268	HHS001019500003	-	34,470
<i>Total ALN 93.268</i>			<u>-</u>	<u>124,484</u>
<i>Public Health Emergency Response Cooperative Agreement (COVID-19)</i>	93.354	HHS000767300001	-	247,867
<i>Public Health Emergency Response Cooperative Agreement</i>	93.354	HHS000371500004	-	50,000
<i>COVID Workforce (COVID-19)</i>	93.354	HHS001076100001	-	1,292
<i>Total ALN 93.354</i>			<u>-</u>	<u>299,159</u>
<i>Regional and Local Services Section (RLSS) / Local Public Health System - PnP</i>	93.991	HHS000485600031	-	49,694
<i>Regional and Local Services Section (RLSS) / Local Public Health System - PnP</i>	93.991	HHS000101650001	-	5,228
<i>Total ALN 93.991</i>			<u>-</u>	<u>54,922</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>610,724</u>
U.S. Department of Homeland Security				
Direct Program(s):				
<i>Port Security Grant Program (FY 2018)</i>	97.056	EMW-2018-PU-00018-S01	-	246,850
<i>Port Security Grant Program (FY 2020)</i>	97.056	EMW-2020-PU-00125-S01	-	64,838
<i>Total ALN 97.056</i>			<u>-</u>	<u>311,688</u>
Passed Through the Texas Department of Emergency Management:				
<i>Hazard Mitigation Grant Program (Hurricane Harvey)</i>	97.039	DR-4332-0171	-	24,485
<i>Homeland Security Grant Program</i>	97.067	EMW-2019-SS-00022-501	-	6,808
<i>Homeland Security Grant Program</i>	97.067	EMW-2020-SS-00054-501	-	99,879
<i>Total ALN 97.067</i>			<u>-</u>	<u>106,687</u>
Passed Through the Texas Department of Public Safety:				
<i>Disaster Grants - Public Assistance (Presidentially Declared Disasters)**</i>	97.036	4332DRTXP0000001	-	2,461,605
Total U.S. Department of Homeland Security			<u>-</u>	<u>2,904,465</u>
U.S. Department of the Interior				
Passed Through the Texas Historical Commission:				
<i>Historical Preservation Fund Grant</i>	15.957	CBJF02	-	134,372
Total U.S. Department of the Interior			<u>-</u>	<u>134,372</u>
Total Federal Awards Expended			<u>\$ 2,126,336</u>	<u>\$ 17,344,578</u>

* Assistance Listing Number (ALN) formerly known as Catalog of Federal Domestic Assistance (CFDA).

** Amount of expenditures incurred in prior fiscal years is \$261,195.

CITY OF BEAUMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

State Granting Agency/Grant Program	Grant or Identifying Number	Passed Through to Subrecipients	Total State Expenditures
Texas Department of Transportation			
State/Local Urban Transportation Grant Agreement	STATE-U-2020-BEAUMONT-00225	\$ -	\$ 490,488
Southeast Texas Auto Theft Task Force 2021	608-21-1230100	174,269	522,944
Southeast Texas Auto Theft Task Force 2022	608-22-1230100	17,680	46,084
Routine Airport Maintenance	M1920BAMN	-	14,432
Total Texas Department of Transportation		191,949	1,073,948
Texas Department of State Health Services			
Tuberculosis Prevention and Control - State (TB/PC-State)	HHS000484100007 - Amendment #1	-	36,035
Tuberculosis Prevention and Control - State (TB/PC-State)	HHS000484100007 - Amendment #2	-	71
Immunization Cooperative Agreements	HHS000102200001 Amendment #2	-	108,493
Regional and Local Services Section (RLSS) / Local Public Health	HHS000485600031	-	30,497
Regional and Local Services Section (RLSS) / Local Public Health	HHS0001016500001	-	1,692
Total Texas Department of State Health Services		-	176,788
Attorney General of Texas			
Chapter 59 Asset Forfeiture	N/A	-	14,600
Total Attorney General of Texas		-	14,600
Texas Division of Emergency Management			
Texas Infrastructure Resiliency Fund	TDEM-4332	-	39,146
Total Texas Division of Emergency Management		-	39,146
Total State Awards Expended		191,949	1,304,482
Total Federal and State Awards Expended		\$ 2,318,285	\$ 18,649,060

CITY OF BEAUMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of the City under programs of the federal and state government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance and UGMS. Because the schedule presents on 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.

The City accounts for awards under federal and state programs in the General, Capital Projects, and Special Revenue governmental funds.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 2 - De Minimis Cost Rate

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

Note 3 - Women, Infants and Children's Program

The Women, Infants and Children's program distributes Lone Star Cards as part of its operations. The number of cards on hand as of September 30, 2021 is 204. There is no monetary value to these cards until issued.

CITY OF BEAUMONT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None reported

CITY OF BEAUMONT
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not applicable