

CITY OF SPANISH FORT, ALABAMA
SINGLE AUDIT COMPLIANCE AND INTERNAL
CONTROL REPORTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

CITY OF SPANISH FORT, ALABAMA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor Michael McMillan and the
City Council
City of Spanish Fort, Alabama

Report on Compliance for Each Major Federal Program

We have audited the City of Spanish Fort, Alabama's 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 of Spanish Fort, Alabama's major federal programs for the year ended September 30, 2021. City of Spanish Fort, Alabama'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

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 of Spanish Fort, Alabama'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 of Spanish Fort, Alabama'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 of Spanish Fort, Alabama's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Spanish Fort, Alabama 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 September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Spanish Fort, Alabama, 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 of Spanish Fort, Alabama'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 of Spanish Fort, Alabama'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. 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, each major fund, and the aggregate remaining fund information of the City of Spanish Fort, Alabama, 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 April 20, 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 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.

Avizo Group, Inc.

Certified Public Accountants

May 26, 2022
Fairhope, Alabama

CITY OF SPANISH FORT, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Interior</u>			
Passed through State of Alabama Department of Conservation and Natural Resources:			
Gulf of Mexico Security Act	15.435	G-SFHOP/19/SF	\$ 555,000
Total U.S. Department of Interior			555,000
<u>U.S. Department of Commerce, National Oceanic Atmospheric Administration</u>			
Passed through State of Alabama Department of Conservation and Natural Resources:			
City of Spanish Fort Lackawana Canal Restoration Planning	11.419	NA189NOS4190143	10,650
Total U.S. Department of Agriculture			10,650
<u>Institute of Museum and Library Services</u>			
Passed through Alabama Public Library Service:			
Library Services and Technology Act Grant	45.31	LS-246142-OLS-20	9,999
Total U.S. Department of Transportation			9,999
<u>U.S. Department of the Treasury</u>			
Passed through State of Alabama			
Coronavirus Relief Fund	21.019	N/A	401,063
Total U.S. Department of the Treasury			401,063
<u>U.S. Environmental Protection Agency</u>			
Passed through Alabama Department of Environmental Management:			
Passed through Alabama Water Pollution Control Authority:			
Capitalization Grants for State Revolving Funds	66.458	CS010874-01	27,010
Total U.S. Environmental Protection Agency			27,010
<u>U.S. Department of Homeland Security</u>			
Passed through Alabama Emergency Management:			
Disaster Grants - Public Assistance (M)	97.036	4563-DR-AL	
Disaster Grants - Public Assistance (M)	97.036	Category A	985,520
Disaster Grants - Public Assistance (M)	97.036	Category B	4,628
Disaster Grants - Public Assistance (M)	97.036	Category E	7,882
Disaster Grants - Public Assistance (M)	97.036	Category G	19,490
Hazard Mitigation Grant Program - Hurricane First Responder Safe Room	97.039	DR-4176-0040	19,278
Passed through Baldwin County:			
Homeland Security Grant Program	97.067	20LOC	49,969
Total U.S. Department of Homeland Security			1,086,767
Total Federal Awards			\$ 2,090,489

See notes to Schedule of Expenditures of Federal Awards

CITY OF SPANISH FORT, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

NOTE 1 SIGNIFICANT ACCOUNTINGS POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Spanish Fort, Alabama (the City) under the programs of the federal government for the year ended September 30, 2021. 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 or changes in net position of City of Spanish Fort, Alabama.

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related liability is incurred.

Indirect Cost Rate

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

NOTE 2 STATE REVOLVING FUND LOAN

The value of the loan outstanding under this federal program as of September 30, 2021 was \$250,000. Of that amount, \$27,010 of allowable costs incurred represents federal expenditures to date as reflected on the schedule of expenditures of federal awards.

CITY OF SPANISH FORT, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING SEPTEMBER 30, 2021

SECTION 1-SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of opinion issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>Yes</u>	<u>X</u>	No
Significant deficiency(ies) identified?	<u>Yes</u>	<u>X</u>	None reported
Noncompliance material to financial statements noted?	<u>Yes</u>	<u>X</u>	No

Federal Awards

Type of auditors' report issued on compliance of major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u>Yes</u>	<u>X</u>	No
Significant deficiency(ies) identified?	<u>Yes</u>	<u>X</u>	None reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<u>Yes</u>	<u>X</u>	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<u>Yes</u>	<u>X</u>	No
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SECTION 2-FINANCIAL STATEMENT FINDINGS (GAGAS)

No matters were reportable.

SECTION 3-FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.