

CITY OF SPANISH FORT, ALABAMA  
SINGLE AUDIT COMPLIANCE AND INTERNAL  
CONTROL REPORTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

CITY OF SPANISH FORT, ALABAMA  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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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**

***Opinion on 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, 2024. 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.

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, 2024.

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

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Spanish Fort, Alabama 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 of Spanish Fort, Alabama's compliance with the compliance requirements referred to above.

***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 of Spanish Fort, Alabama's federal programs.

***Auditors' 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 of Spanish Fort, Alabama'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 generally accepted auditing standards, *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 of Spanish Fort, Alabama's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Spanish Fort, Alabama'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 of Spanish Fort, Alabama'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 of Spanish Fort, Alabama'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, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic

financial statements. We issued our report thereon dated June 26, 2025, 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

June 26, 2025  
Fairhope, Alabama

CITY OF SPANISH FORT, ALABAMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b><u>U.S. Department of Interior</u></b>			
<b>Passed through State of Alabama Department of Conservation and Natural Resources:</b>			
Gulf of Mexico Security Act (M)	15.435	G-SFHOP/19/SF	\$ 132,450
Gulf of Mexico Security Act (M)	15.435	G-SFCSBA/23/SF	2,178,914
<b>Total U.S. Department of Interior</b>			<u>2,311,364</u>
<b><u>U.S. Department of Justice</u></b>			
Community Oriented Police Services/Communications Assistance for Law Enforcement Act	16.710	15JCOPS-21-GG-02547-SPPS	2,988
Edward Byrne Memorial Justice Assistance Grant	16.738	2024-DJ-LC-236	49,632
COPS Hiring Program Grant	16.710	15JCOPS-23-GG-05080-UHPX	75,000
<b>Total U.S. Department of Justice</b>			<u>127,620</u>
<b><u>U.S. Department of the Treasury</u></b>			
<b>Passed through State of Alabama</b>			
Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	331,885
<b>Total U.S. Department of the Treasury</b>			<u>331,885</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed through Alabama Emergency Management:</b>			
Assistance to Fire Fighters Grant	97.044	EMW-2022-FG-08935	38,095
<b>Total U.S. Department of Homeland Security</b>			<u>38,095</u>
<b>Total Federal Awards</b>			<u>\$ 2,808,964</u>

(M) - Major Program

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, 2024

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, 2024. 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 original loan amount was \$480,000, of which \$230,000 was forgiven at the inception of the loan. The value of the loan outstanding under this federal program as of September 30, 2024 was \$220,000.

CITY OF SPANISH FORT, ALABAMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2024

**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>          </u> Yes	<u>          </u> X	<u>          </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>          </u> X	<u>          </u> None reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>          </u> X	<u>          </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>          </u> Yes	<u>          </u> X	<u>          </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>          </u> X	<u>          </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<u>          </u> Yes	<u>          </u> X	<u>          </u> No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
15.435	GOMESA
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u>          </u> Yes <u>          </u> X <u>          </u> No

**SECTION 2-FINANCIAL STATEMENT FINDINGS (GAGAS)**

No matters were reportable.

**SECTION 3-FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reportable.