

City of Sugar Land, Texas

Compliance Report

For the Fiscal Year Ended September 30, 2021

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For the Fiscal Year Ended September 30, 2021
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City of Sugar Land, Texas
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor Program Title	Federal Assistance Listings Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant (CDBG)	14.218	B-17-MC-48-0041	\$ 9,006
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			9,006
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Texas Department of Transportation:			
Airport Improvement Programs			
COVID-19: CARES Act - Airport Grant	20.106	SGR	63,316
COVID-19: CRRSAA - Airport Coronavirus Response Grant Program	20.106	SGR	91,162
Total Airport Improvement Programs			154,478
Highway Planning and Construction Cluster:			
SH 6 Widening from North of Brooks St. to Lexington Blvd.	20.205	0192-01-093	252,063
Total Highway Planning and Construction Cluster			252,063
Highway Safety Cluster:			
STEP Speed Comprehensive	20.600	587EGF6102	32,058
STEP CMV	20.600	587XXEGF6102	9,701
Total Highway Safety Cluster			41,759
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			448,300
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Fort Bend County:			
COVID-19: Coronavirus Relief Fund	21.019	n/a	6,523,000
COVID-19: Cares Relief Funding (CRF) - Eco Dev Business Program	21.019	n/a	30,690
TOTAL U.S. DEPARTMENT OF THE TREASURY			6,553,690
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Texas Department of Public Safety/Division of Emergency Management:			
FEMA Hazard Mitigation Plan Update	97.039	FEMA-DR4332-0010	50,599
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			50,599
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,061,595

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Sugar Land, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Sugar Land, Texas (the "City"). 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.

Expenditures reported on the accompanying schedule of expenditures of federal awards are presented on the modified accrual basis of accounting. This basis of accounting recognizes expenditures in the accounting period in which the liability is incurred, if measurable. 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.

Note 2. Indirect Cost Rate

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

Note 3. Relationship to Federal Financial Reports

Grant expenditure reports which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

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 Government Auditing Standards

To the Honorable Mayor and
Members of City Council
City of Sugar Land, Texas

We have audited, in accordance with 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 Sugar Land, Texas (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, and have issued our report thereon dated February 15, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

To the Honorable Mayor and
Members of City Council
City of Sugar Land, Texas

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
February 15, 2022



**Independent Auditor's 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**

To the Honorable Mayor and
Members of City Council
City of Sugar Land, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Sugar Land, Texas' (the "City") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 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.

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 (CFR) 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 September 30, 2021.

To the Honorable Mayor and
Members of City Council
City of Sugar Land, Texas

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.

To the Honorable Mayor and
Members of City Council
City of Sugar Land, Texas

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 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 February 15, 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
February 15, 2022

City of Sugar Land, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2021

Section 1. Summary of Auditor's Results

Financial Statements

- 1. Type of auditor's report issued Unmodified
- 2. Internal control over financial reporting:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified that are not considered to be material weaknesses? None reported
- 3. Noncompliance material to the financial statements noted? No

Federal Awards

- 1. Internal control over major programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 2. Type of auditor's report issued on compliance with major programs: Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No

4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund

- 5. Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000
- 6. Auditee qualified as a low-risk auditee? No

Section 2. Findings Related to Financial Statements

None reported

Section 3. Federal and State Award Findings and Questioned Costs

None reported

City of Sugar Land, Texas
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2021

Prior Audit Findings

None reported.