

City of Beaumont
Beaumont, California

Single Audit Report on Federal Awards

Year Ended June 30, 2024



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

CITY OF BEAUMONT

SINGLE AUDIT REPORT ON FEDERAL AWARDS YEAR ENDED JUNE 30, 2024

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**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**

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Independent Auditor's Report

To the Honorable City Council
City of Beaumont

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaumont (the city) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity'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*.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 6, 2024



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**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**

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Independent Auditor's Report

To the Honorable City Council
City of Beaumont, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Beaumont's (the City's) compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the City complied, in all material respects, with the 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, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the City 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'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's federal programs.

Auditor's 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'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 GAAS, *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's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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'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'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'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated December 6, 2024, 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

June 5, 2025 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 6, 2024).

CITY OF BEAUMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

<u>Federal Grantor / Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program Identification Number or Grant #</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct assistance</i>				
<i>CDBG Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 114,265	\$ -
Total - CDBG Entitlement Grants Cluster / AL 14.218 / U.S. Department of Housing and Urban Development			<u>114,265</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
<i>Direct assistance</i>				
Bulletproof Vest Partnership Program	16.607	N/A	3,292	-
Total - AL 16.607			<u>3,292</u>	<u>-</u>
<i>Passed through the County of Riverside</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	5,611	-
Total - AL 16.738			<u>5,611</u>	<u>-</u>
Equitable Sharing Program	16.922	JLEO-24-0794	10,000	-
Total - AL 16.922			<u>10,000</u>	<u>-</u>
Total - U.S. Department of Justice			<u>18,903</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
<i>Direct assistance</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	611,851	-
<i>Passed through the County of Riverside</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,836,051	-
Total U.S. Department of Treasury / AL 21.027			<u>2,447,902</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
<i>Passed through the State of California, Office of Traffic Safety</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT24012	40,993	-
Total - U.S. Department of Transportation / AL 20.608			<u>40,993</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 2,622,063</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BEAUMONT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

(1) *Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the City of Beaumont (the City) under federal programs of the federal government for the year ended June 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 City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program. The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF BEAUMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION 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	_____ X _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____ X _____	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 2CFR 200.516(a)?	_____ X _____	Yes	_____ _____	No
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Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Programs</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ X _____	No
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CITY OF BEAUMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS

No matters to report.

SECTION III. FEDERAL AWARD FINDINGS

Finding 2024-001 – Reporting Requirements AL 21.027 – Coronavirus State and Local Fiscal Recovery Funds *Noncompliance*

Criteria

Per the funding agreement with the County of Riverside, quarterly progress reports shall be submitted on the 21st of the month following the previous quarter.

Condition

The City submitted one of its quarterly reports to the granting agency after the required deadline.

Cause

The deadline for the report submission is static. One of the deadlines fell on a weekend, which caused a delay in submission.

Identification as a Repeat Finding

Not a repeat finding.

Effect

Delays in reporting may jeopardize future grant funding if the granting agency is not able to receive the necessary information timely.

Recommendation

We recommend the City develops a process to track and ensure reporting deadlines are met.

Management's Response

See Corrective Action Plan.

CITY OF BEAUMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION III. FEDERAL AWARD FINDINGS (CONTINUED)

Finding 2024-002 – Internal Controls Over Reporting
AL 21.027 – Coronavirus State and Local Fiscal Recovery Funds
Significant Deficiency

Criteria

As a part of the administering of federal funds, the City should have internal controls over compliance in place to ensure that reporting deadlines are met.

Condition

The City submitted one of its quarterly reports to the granting agency after the required deadline.

Cause

The deadline for the report submission is static. One of the deadlines fell on a weekend, which caused a delay in submission.

Effect

Delays in reporting may jeopardize future grant funding if the granting agency is not able to receive the necessary information timely.

Recommendation

We recommend the City develops a process to track and ensure that reporting deadlines are met.

Management's Response

See Corrective Action Plan

CITY OF BEAUMONT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2024

CURRENT STATUS OF PRIOR YEAR FINDINGS:

No matters to report.




June 3, 2025

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We are providing this response to the Single Audit Finding 2024-001 – Reporting Requirements and Finding 2024-002 – Internal Controls Over Reporting

The report deadline falls on the 21st of the month following each quarter, and it's a static deadline that doesn't adjust for weekends or holidays. In this case, the 21st landed on a weekend, which caused a delay in our submission.

For required reporting of firm deadlines (such as those tied to portals or systems), we already have a practice of submitting a bit earlier when deadlines fall on weekends or holidays to avoid timing issues. However, for this specific grant, the reports are submitted via email to a consultant managing the ARPA funds on behalf of Riverside County. These deadlines are somewhat flexible, as the consultant collects data from all subrecipients and submits it to the County as a consolidated package. Effective immediately, the Grants Analyst will submit these earlier rather than later. The Finance Director will assess compliance with timely filing requirements to ensure the establishment of internal controls over financial reporting.



Jennifer Ustation – Finance Director