

**CITY OF HUMBLE, TEXAS**

**FEDERAL SINGLE AUDIT REPORT**

**For the Fiscal Year Ended  
September 30, 2020**



**CITY OF HUMBLE, TEXAS**  
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**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 the City Council  
City of Humble, Texas

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Humble, Texas (the “City”), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 31, 2021.

**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.

To the Honorable Mayor and  
Members of the City Council  
City of Humble, Texas

**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*.

**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.

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

Houston, Texas  
March 31, 2021

**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 the City Council  
City of Humble, Texas

**Report on Compliance for Each Major Federal Program**

We have audited City of Humble, Texas’ (the “City”) compliance with the types of 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, 2020. 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 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 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’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.

To the Honorable Mayor and  
Members of the City Council  
City of Humble, Texas

### ***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, 2020.

### **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.

### **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 as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 2021, 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. 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 basic financial statements.

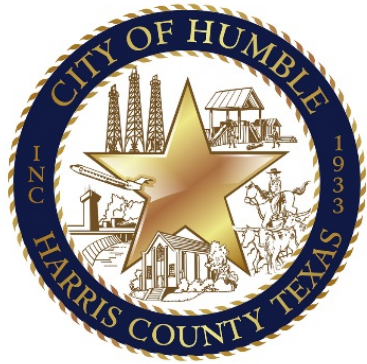


To the Honorable Mayor and  
Members of the City Council  
City of Humble, Texas

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 awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Whitley Penn LLP*

Houston, Texas  
March 31, 2021



**CITY OF HUMBLE, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended September 30, 2020*

**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 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 Programs:

<b><u>Name of Federal Programs or Cluster</u></b>	<b><u>CFDA Number</u></b>
Public Assistance Grant, 4332, Texas Hurricane Harvey	97.036
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF HUMBLE, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended September 30, 2020***

**II. Financial Statement Findings**

None Noted

**III. Federal Award Findings and Questioned Costs**

None Noted

**CITY OF HUMBLE, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended September 30, 2020*

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
<b>Direct Award</b>			
<i>Organized Crime Drug Enforcement Task Force (OCDETF)</i>	16.SW-TXE-0375H	N/A	\$ 10,006
<b>Total U.S. Department of Justice</b>			<u>10,006</u>
<b>U.S. Department of the Treasury</b>			
<b>Passed through Harris County:</b>			
<i>COVID-19 - Coronavirus Relief Fund (CRF) - CARES Act</i>	21.019	None	12,866
<b>Total U.S. Department of the Treasury</b>			<u>12,866</u>
<b>Executive Office of the President</b>			
<b>Direct Award</b>			
<i>High Intensity Drug Trafficking Areas Program</i>	95.001	G18HN002	2,562
<i>High Intensity Drug Trafficking Areas Program</i>	95.001	G19HN002	11,439
<b>Total CFDA # 95.001</b>			<u>14,001</u>
<b>Total Executive Office of the President</b>			<u>14,001</u>
<b>U.S. Department of Homeland Security</b>			
<b>Passed through Texas Department of Public Safety/Division of Emergency Management</b>			
<i>FEMA Public Assistance Grant 4332, Texas Hurricane Harvey</i>	97.036	4332DRTXP0000001	783,811
<b>Total U.S. Department of Homeland Security</b>			<u>783,811</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 820,684</u></u>

## **CITY OF HUMBLE, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*For the Year Ended September 30, 2020*

#### **Note 1 - Summary of Significant Accounting Policies**

In the governmental funds, federal programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. 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 assets or cash flows of the City.

#### **Note 3 - Availability of Federal Grant Funds**

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions of the *Compliance Supplement*.

#### **Note 4 - Relationship to Federal Financial Reports**

Grant expenditure reports as of September 30, 2020, 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.

**CITY OF HUMBLE, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**

*For the Year Ended September 30, 2020*

**Note 5 - FEMA Expenditures**

Expenditures relating to U.S. Department of Homeland Security and Federal Emergency Management Agency (“FEMA”) Assistance Listing (formerly known as CFDA) number 97.036 are reported when 1) FEMA has approved the project worksheet, and 2) eligible expenditures have been incurred, in accordance with FEMA regulations.

Below is the program expenditures related to the reported FEMA expenditures on the Schedule of Expenditures of Federal awards for which there is an approved project worksheet by September 30, 2020.

<u>Project Worksheet Number</u>	<u>Reportable Federal Expenditures</u>	<u>Federal Expenditures Incurred During the Fiscal Year Ended September 30, 2018</u>
PA-06-TX-4332-PW-04759	\$ 2,280	\$ 2,280
PA-06-TX-4332-PW-06044	750,631	750,631
PA-06-TX-4332-PW-05684	24,385	24,385
PA-06-TX-4332-PW-06204	6,515	6,515
	<u>\$ 783,811</u>	<u>\$ 783,811</u>

**CITY OF HUMBLE, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
*For the Year Ended September 30, 2020*

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 HUMBLE, TEXAS**  
***CORRECTIVE ACTION PLAN***  
***For the Year Ended September 30, 2020***

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