

CITY OF BRYAN, TEXAS

SINGLE AUDIT REPORT

SEPTEMBER 30, 2013

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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 Bryan, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2013, 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 24, 2014. Our report includes a reference to other auditors who audited the financial statements of the Bryan Business Council, Inc., as described in our report on the City's financial statements. The financial statements of the Bryan Business Council, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Bryan Business Council, Inc.

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) to determine the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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.

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

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 of 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 determination of financial statement amounts. 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
March 24, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Bryan, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

To the Honorable Mayor and
Members of the City Council
City of Bryan, 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 24, 2014, which contained unmodified opinions on those financial statements and was modified to include a reference to other auditors. 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 OMB Circular A-133 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
March 24, 2014

**CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ 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 deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None reported

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 or Uniform Grant Management Standards? ___ Yes X No

Identification of major federal programs:

14.218
66.458

Community Development Block Grants
Capitalization Grants for Clean Water State
Revolving Funds

- Dollar threshold used to distinguish between type A and type B programs?

Federal

\$300,000

Auditee qualified as low-risk auditee?

X Yes ___ No

**CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)**

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

NONE

SECTION V – CORRECTIVE ACTION PLAN

N/A

**CITY OF BRYAN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Program Title	Grant Project Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
FEDERAL GRANT FUNDS				
U.S. Department of Housing & Urban Development				
Community Development Block Grant 2011	B-2011-MC-48-0006	14.218	\$ 599,923	\$ 125,442
Community Development Block Grant 2012	B-2012-MC-48-0006	14.218	33,550	-
Home Investment Partnership 2008	M-2008-MC-48-0229	14.239	1,131	-
Home Investment Partnership 2009	M-2009-MC-48-0229	14.239	143,407	-
Home Investment Partnership 2010	M-2010-MC-48-0229	14.239	236,330	-
Home Investment Partnership 2011	M-2011-MC-48-0229	14.239	296,678	-
Home Investment Partnership 2012	M-2012-MC-48-0229	14.239	35,433	-
<i>Total U.S. Department of Housing and Urban Development</i>			<u>1,346,452</u>	<u>125,442</u>
U.S. Dept of Justice				
Edward Byrne Memorial Justice Assistance Grant Program (JAG) 2011	2011-DJ-BX-2704	16.738	10,935	-
Edward Byrne Memorial Justice Assistance Grant Program (JAG) 2012	2012-DJ-BX-0174	16.738	55,643	-
Edward Byrne Memorial Justice Assistance Grant Program (JAG) 2013	2013-DJ-BX-0174	16.738	25,894	-
Public Safety Partnership and Community Policing	2010UMWX0302	16.710	299,588	-
Bulletproof Vest Partnership (BVP) 2010	2010-BU-BX-01007667	16.607	70	-
Bulletproof Vest Partnership (BVP) 2011	2011-BU-BX-01007667	16.607	3,715	-
<i>Total U.S. Department of Justice</i>			<u>395,845</u>	<u>-</u>
U.S. Department of Commerce				
Public Works - Industrial Park Infrastructure	08-01-04525	11.301	835,849	-
U.S. Environmental Protection Agency				
<i>Passed through Texas Water Development Board</i>				
Capitalization Grants for Clean Water State Revolving Funds	L1000094	66.458	4,183,705	-
<i>Total U.S. Environmental Protection Agency</i>			<u>4,183,705</u>	<u>-</u>
U.S. Department of Transportation				
Highway Planning and Construction	0917-29-115	20.205	112,969	-
<i>Total U.S. Department of Transportation</i>			<u>112,969</u>	<u>-</u>
Federal Aviation Admission				
<i>Passed through Texas Department of Transportation</i>				
Airport Improvement Program	11HGBRYAN	20.106	5,077	-
<i>Total Federal Aviation Admission</i>			<u>5,077</u>	<u>-</u>
U.S. Department of Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	S090005	84.334A	5,213	-
<i>Total U.S. Department of Education</i>			<u>5,213</u>	<u>-</u>
Total Federal Grant Funds			<u>\$ 6,885,110</u>	<u>\$ 125,442</u>

CITY OF BRYAN, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Bryan, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditures reports as of September 30, 2013, 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.

NOTE 4. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The schedule of findings and questioned costs, including the summary of auditor's results for federal awards, is included beginning on page 6.

NOTE 5. LOANS OUTSTANDING

The City had the following loan balance outstanding as of September 30, 2013. The amount of expenditures during the year ended September 30, 2013 from this loan program is included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

<u>Program Title</u>	<u>Award</u>	<u>Loan Balance September 30, 2012</u>	<u>Repayments</u>	<u>Loan Balance September 30, 2013</u>
Capitalization Grants for Clean Water State Revolving Funds	\$ 15,685,000	\$ 15,485,000	\$ 200,000	\$ 15,285,000