

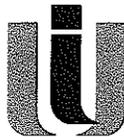
CITY OF BRYAN, TEXAS

Compliance and Single Audit Reports

For the Year Ended September 30, 2008

THE CITY OF BRYAN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND INDEPENDENT AUDITORS'
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008
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Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor Mark Conlee,
Members of the City Council and
City Manager of the City of Bryan
Bryan, Texas

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 Bryan, Texas (the "City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 24, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 08-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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*

We noted certain matters that we reported to management of the City in a separate letter dated March 24, 2009.

This report is intended for the information and use of the Mayor, City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
March 24, 2009

Imyrom, Wallis, Company



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CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor Mark Conlee,
Members of the City Council and
City Manager of the City of Bryan
Bryan, Texas

Compliance

We have audited the compliance of the City of Bryan, Texas (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2008. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 Organization*. 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the government activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2008, and have issued our report thereon dated March 24, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole.

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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Mayor, City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
March 24, 2009

Ingram, Wallis & Company

CITY OF BRYAN, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
<u>Federal Grant Funds</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant 2006	B-2006-MC-48-0006	14.218	\$ 181,208
Community Development Block Grant 2007	B-2007-MC-48-0006	14.218	762,913
HOME Grant 2005	M-2005-MC-48-0229	14.239	236,039
HOME Grant 2006	M-2006-MC-48-0229	14.239	204,058
HOME Grant 2007	M-2007-MC-48-0229	14.239	190,987
<i>Total U.S. Department of Housing and Urban Development</i>			<u>1,575,205</u>
<u>U.S. Department of Criminal Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program	2006-DJ-BX-0107	16.738	8,134
Edward Byrne Memorial Justice Assistance Grant Program	2007-DJ-BX-1002	16.738	61,150
<i>Total U.S. Department of Criminal Justice</i>			<u>69,284</u>
<u>FEMA</u>			
Emergency Protective Measures – Hurricane Ike		97.036	200,707
<i>Total FEMA</i>			<u>200,707</u>
<u>U.S. Department of Homeland Security</u>			
<u>Passed Through State of Texas Division of Emergency Management</u>			
2006 Texas State Homeland Security Program (LETTP)	06-SR 10912-01	97.074	58,129
2006 Texas State Homeland Security Program (SHSP)	06-SR 10921-01	97.073	22,374
2007 Texas State Homeland Security Program (SHSP)	07-SR 10921-01	97.073	38,689
<i>Total U.S. Department of Homeland Security</i>			<u>119,192</u>
Total Federal Grant Funds			<u>\$ 1,964,388</u>

THE CITY OF BRYAN, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards presents all federal expenditures of the City of Bryan, Texas (the "City").

Basis of Accounting - The expenditures on the accompanying Schedule of Expenditures of Federal Awards are presented on the accrual basis.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the City's basic financial statements on the accrual basis.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports in all significant respects.

THE CITY OF BRYAN, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: *unqualified.*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>14.218</u>	<u>Community Development Block Grant</u>

Dollar threshold used to distinguish between Federal type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

THE CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS

08-01 Depreciation Expense

During the review of capital assets it was noted that assets were being depreciated based on the date they were entered into the system, rather than on the date placed in service.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings and questioned costs required to be reported by Section 510(a) of OMB Circular A-133.

THE CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

07-01 Check Signatures

During our audit, we noted that Kathy Davidson's name was still included on checks. Per further inquiry, it was determined that the signature card at the bank and the signature plate for check printing had not been updated. We recommend that anytime an employee leaves the City, supervisors and management review any authority granted to that employee and any necessary authorizations be updated to reflect the current status.

Current Status:

The City updated the signature card at the bank and the signature plate for check printing when the matter was brought to their attention

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings and questioned costs required to be reported by Section 510(a) of OMB Circular A-133.