

City of Bryan, Texas

Single Audit Report

For the Fiscal Year Ended September 30, 2017

City of Bryan, Texas
Single Audit Report
For the Fiscal Year Ended September 30, 2017
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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 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, 2017, 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 7, 2018.

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 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 over financial reporting 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 financial reporting 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 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*.

The Honorable Mayor and
Members of the City Council
City of Bryan, 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 City'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 7, 2018



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 with the Uniform Guidance

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 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, 2017. 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, 2017.

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 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 were not 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.

The Honorable Mayor and
Members of the City Council
City of Bryan, 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 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 7, 2018, 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
March 7, 2018

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City of Bryan, Texas

Schedule of Findings and Questioned Costs
September 30, 2017

Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

| | | |
|--|------------------------------|---|
| Are any material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Are any significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| Is any noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards

Internal control over major federal programs:

| | | |
|--|--|---|
| Are any material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Are any significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Type of auditor's report issued on compliance for major federal programs: | <u>unmodified</u> | |
| Identification of major federal programs: | | |
| <u>CFDA Number</u> | <u>Name of federal program</u> | |
| 97.036 | Disaster Grants - Public Assistance (FEMA) | |
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | |
| Auditee qualified as a low-risk auditee? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

City of Bryan, Texas

Schedule of Findings and Questioned Costs – Continued
September 30, 2017

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None

City of Bryan, Texas
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2017

| Federal Grantor/Program Title | Grant Project Number | Federal CFDA Number | Expenditures | Passed Through to Subrecipients |
|---|-------------------------|------------------------|---------------------|---------------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| <i>Direct Awards</i> | | | | |
| Community Development Block Grant 2014 | B-2014-MC-48-0006 | 14.218 | \$ 36,067 | \$ - |
| Community Development Block Grant 2015 | B-2015-MC-48-0006 | 14.218 | 479,831 | - |
| Community Development Block Grant 2016 | B-2016-MC-48-0006 | 14.218 | 530,065 | 121,230 |
| Total Community Development Block Grant | | | 1,045,963 | 121,230 |
| Home Investment Partnership 2014 | M-2014-MC-48-0229 | 14.239 | 174,343 | - |
| Home Investment Partnership 2015 | M-2015-MC-48-0229 | 14.239 | 180,109 | - |
| Home Investment Partnership 2016 | M-2016-MC-48-0229 | 14.239 | 23,463 | - |
| Total Home Investment Partnership | | | 377,915 | - |
| Total U.S. Department of Housing and Urban Development | | | \$ 1,423,878 | \$ 121,230 |
| <u>U.S. Department of Justice</u> | | | | |
| <i>Direct Awards</i> | | | | |
| Bulletproof Vest Partnership (BVP) | 2015-BU-BX-14072226 | 16.607 | \$ 4,648 | \$ - |
| Bulletproof Vest Partnership (BVP) | 2016-BU-BX-14072226 | 16.607 | 11,659 | - |
| Total Bulletproof Vest Partnership (BVP) | | | 16,307 | - |
| Edward Byrne Memorial Justice Assistance Grant Program (JAG) | 2016-DJ-BX-0271 | 16.738 | 22,933 | - |
| Total U.S. Department of Justice | | | \$ 39,240 | \$ - |
| <u>U.S. Department of Transportation</u> | | | | |
| <i>Passed through Texas Department of Transportation</i> | | | | |
| State and Community Highway Safety Program (STEP Grant) | 2017-BryanPD-S-1YG-0055 | 20.600 | \$ 10,175 | \$ - |
| Total U.S. Department of Transportation | | | \$ 10,175 | \$ - |
| <u>U.S. Institute of Museum and Library Services</u> | | | | |
| <i>Passed through Texas State Library and Archives Commission</i> | | | | |
| Libraries and Literacy Grant Program | LS-00-16-0044-16 | 45.310 | \$ 4,553 | \$ - |
| Total U.S. Institute of Museum and Library Services | | | \$ 4,553 | \$ - |
| <u>U.S. Department of Homeland Security</u> | | | | |
| <i>Passed through Texas A&M Engineering Extension Service</i> | | | | |
| National Urban Search and Rescue Response System | 471090-100085-5474 | 97.025 | \$ 4,922 | \$ - |
| National Urban Search and Rescue Response System | 471090-100084-5474 | 97.025 | 47,473 | - |
| Total National Urban Search and Rescue Response System | | | 52,395 | - |
| <i>Passed through Texas Department of Public Safety</i> | | | | |
| Disaster Grants - Public Assistance (FEMA) | PA-06TX-4272 | 97.036 | 597,219 | - |
| <i>Direct Awards</i> | | | | |
| Assistance to Firefighters Grant | EMW-2015-FO-06257 | 97.044 | 21,928 | - |
| Homeland Security Grant Program | 2958002 | 97.067 | 5,270 | - |
| Staffing for Adequate Fire and Emergency Response (SAFER) | EMW-2015-FH-00752 | 97.083 | 280,417 | - |
| Total U.S. Department of Homeland Security | | | \$ 957,229 | \$ - |
| TOTAL FEDERAL GRANT FUNDS | | | \$ 2,435,075 | \$ 121,230 |

See Notes to the Schedule of Expenditures of Federal Awards.

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City of Bryan, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2017

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 this schedule. The information on this schedule is prepared 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).

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. Expenditures reported on the schedule 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.

The City reports expenditures of federal awards for amounts provided to subrecipients when paid in cash. 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 expenditures reports as of September 30, 2017, 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. Loans Outstanding

The City had the following loan balance outstanding as of September 30, 2017 under the United States Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds program (passed through the Texas Water Development Board).

| <u>Program Title</u> | <u>CFDA</u> | <u>Loan Balance September 30, 2016</u> | <u>Repayments</u> | <u>Loan Balance September 30, 2017</u> |
|--|-------------|--|-------------------|--|
| Capitalization Grants for Clean Water State Revolving Funds | 66.468 | \$ 14,050,000 | \$ 470,000 | \$ 13,580,000 |

Loans received under this program do not have continuing compliance requirements. There were no expenditures during the year ended September 30, 2017 related to this loan program.

Note 5. Disaster Grants – Public Assistance (97.036)

The accompanying schedule of expenditures of federal awards includes \$552,906 of grant expenditures approved by FEMA that were incurred in a prior fiscal year.