

# City of Bryan, Texas

Single Audit Report

For the Fiscal Year Ended September 30, 2018





**City of Bryan, Texas**  
Single Audit Report  
For the Fiscal Year Ended September 30, 2018  
Table of Contents

	Page
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 <i>Government Auditing Standards</i> .....	1
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 in accordance with the Uniform Guidance .....	3
Schedule of Findings and Questioned Costs.....	7
Corrective Action Plan.....	9
Schedule of Expenditures of Federal Awards .....	10
Notes to the Schedule of Expenditures of Federal Awards.....	12

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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 of  
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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Bryan, Texas (the City) as of and for the year ended September 30, 2018, 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 25, 2019. Our report includes an "emphasis of matter" paragraph about a change in accounting principle and a reference to other auditors who audited the financial statements of the City of Bryan and Brazos County Economic Development Foundation (BBCEDF) and Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA), as described in our report on the City's financial statements. The financial statements of BBCEDF and BVSWMA were not audited in accordance with *Government Auditing Standards*.

**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.

The Honorable Mayor and  
Members of the City Council of  
City of Bryan, 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 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 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 25, 2019

**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 in Accordance with the Uniform Guidance**

To the Honorable Mayor and  
Members of the City Council of  
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, 2018. 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, 2018.

The Honorable Mayor and  
Members of the City Council of  
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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the 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.



The Honorable Mayor and  
Members of the City Council of  
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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2019, which contained unmodified opinions on those financial statements. Our report includes an "emphasis of matter" paragraph about a change in accounting principle and a reference to other auditors who audited the financial statements of joint ventures identified in our report in the 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 25, 2019

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**City of Bryan, Texas**

Schedule of Findings and Questioned Costs

September 30, 2018

**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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<input checked="" type="checkbox"/> Yes	<input 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>	
14.218	Community Development Block Grant	
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, 2018

**Section 2. Financial Statement Findings**

None

**Section 3. Federal Award Findings and Questioned Costs**

*Community Development Block Grant (14.218)*

*Type of Finding: Significant Deficiency in Internal Control over Compliance*

*Federal Agency: U.S. Department of Housing and Urban Development*

*Compliance Requirement: Allowable Costs/Cost Principles*

Finding: 2018-001 Lack of evidence of approval for expenditure charged to the grant.

Criteria: The City is required to maintain evidence of controls over compliance for allowable costs and activities of the program.

Condition: For 1 out of 40 cash disbursements selected for testing, no evidence of approval could be provided. The expenditure was allowable under the grant provisions.

Cause: The City failed to maintain evidence of the appropriate personnel’s approval of expenditures charged to the grant.

Effect or Potential Effect: A deficiency in the City’s internal review procedures could potentially allow noncompliance to occur and fail to be detected and corrected.

Questioned Costs: None

Recommendation: We recommend evidence of approval by appropriate personnel be maintained by the City.

**Section 4. Schedule of Prior Audit Findings and Questioned Costs**

None



**CITY OF BRYAN**  
*The Good Life, Texas Style.™*

## **CORRECTIVE ACTION PLAN**

1. **Deficiency (2018-00) Lack of Evidence for Expenditure Charged to Community Development Block Grant (CDBG)**
2. **Name of Contact Person responsible for corrective action-** Alsie Bond, City of Bryan Community Development Manager or her designee.
3. **Corrective Action Planned:** The cited deficiency is regarding the lack of documentation of the Community Development Services Department Manager's approval for an expenditure charged to CDBG grant. Community Development's policies and procedures provide for the review and approval process for expenditures. In the example reviewed in the audit, a County Clerk filing fee was incurred after a Release of Lien was approved and processed. A Record of Concurrence (ROC) is routed to obtain written authorization from each level of approving authority for release of liens, along with a copy of the City's recorded Deed of Trust. However, the ROC authorizing the release of lien with signatures of department manager, Deputy City Manager, City Attorney, City Secretary, and Mayor was not retained and available for review. Copies of the Release of Liens were available for review, which include the signatures of the Mayor, City Secretary, and City Attorney. The above steps will continue as part of the corrective action plan. Additional steps to ensure adequate documentation is available for review include: the final ROC will be copied and retained in laser fiche; and a copy will be sent to Community Development. Any billings attributable to Community Development, which are received (inputted into laser fiche) by another department, will be forwarded to Community Development for review and approval documentation prior to that Department processing in laser fiche.
4. **Anticipated Completion Date** – the above corrective action plan has been implemented (3/11/2019) and will be ongoing until further notice.

**City of Bryan, Texas**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2018

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 2015	B-2015-MC-48-0006	14.218	\$ 56,653	\$ -
Community Development Block Grant 2016	B-2016-MC-48-0006	14.218	325,142	-
Community Development Block Grant 2017	B-2017-MC-48-0006	14.218	511,621	118,778
Total Community Development Block Grant			893,416	118,778
Home Investment Partnership 2014	M-2014-MC-48-0229	14.239	380	-
Home Investment Partnership 2015	M-2015-MC-48-0229	14.239	6,066	-
Home Investment Partnership 2017	M-2017-MC-48-0229	14.239	17,337	-
Total Home Investment Partnership			23,783	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 917,199</b>	<b>\$ 118,778</b>
<u>U.S. Department of Justice</u>				
<i>Direct Awards</i>				
Bulletproof Vest Partnership (BVP)	2016-BU-BX-14072226	16.607	\$ 334	\$ -
Bulletproof Vest Partnership (BVP)	2017-BU-BX-14072226	16.607	10,846	-
<b>Total U.S. Department of Justice</b>			<b>\$ 11,180</b>	<b>\$ -</b>
<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-00-18-0044-18	45.310	\$ 1,303	\$ -
<b>Total U.S. Institute of Museum and Library Services</b>			<b>\$ 1,303</b>	<b>\$ -</b>
<u>U.S. Department of Homeland Security</u>				
<i>Direct Awards</i>				
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2015-FH-00752	97.083	\$ 453,200	\$ -
<i>Passed through Brazos Valley Council of Governments</i>				
Homeland Security Grant Program	3307101	97.067	47,535	-
Homeland Security Grant Program	3396801	97.067	44,433	-
<i>Passed through Texas State Office of the Governor</i>				
Satellite Service Grant	2958003	97.067	3,480	-
Total CFDA # 97.067			95,448	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 548,648</b>	<b>\$ -</b>
<b>TOTAL FEDERAL GRANT FUNDS</b>			<b>\$ 1,478,330</b>	<b>\$ 118,778</b>

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## City of Bryan, Texas

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2018

### 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, 2018, 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, 2018 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</u> <u>September 30, 2017</u>	<u>Repayments</u>	<u>Loan Balance</u> <u>September 30, 2018</u>
Capitalization Grants for Clean Water State Revolving Funds	66.468	\$ 13,580,000	\$ 705,000	\$ 12,875,000

Loans received under this program do not have continuing compliance requirements. There were no expenditures during the year ended September 30, 2018 related to this loan program.