

City of Bryan, Texas

Single Audit Reports

September 30, 2019



City of Bryan, Texas
September 30, 2019

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City of Bryan, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
Direct Programs:				
<i>CDBG – Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 120,224	\$ 832,865
Home Investment Partnerships Program	14.239		-	188,621
Total Department of Housing and Urban Development			120,224	1,021,486
Department of Justice				
Direct Program:				
Bullet Proof Vest Partnership	16.607		0	19,284
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program 2017	16.738		24,411	47,518
Passed through from City of College Station, Texas:				
Edward Byrne Memorial Justice Assistance Grant Program 2018	16.738	2018-DJ-BX-0402	-	27,285
Passed through from Office of the State Governor of Texas:				
De-Escalation Training Equipment Grant	16.738	3649101	-	24,002
			24,411	98,805
Total Department of Justice			24,411	118,089
Department of Transportation				
Passed through Texas Department of Transportation				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616		-	1,459
Total Department of Transportation			0	1,459
Institute of Museum and Library Services				
Passed through from Texas State Library and Archives Commission				
Libraries and Literacy Grant Program - Texas Reads Grant	45.310	LS-00-18-0044-18	-	2,948
Institute of Museum and Library Services - Family Place Grant	45.310	FPG-19002	-	5,964
ILL Lending Reimbursement Grant	45.310	LS-00-18-0044-18	-	5,679
Total Institute of Museum and Library Services			0	14,591
Department of Homeland Security				
Direct Programs:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		-	22,577
Hazard Mitigation Grant Program	97.039		-	424,523
Staffing for Adequate Fire and Emergency Response Program	97.083		-	115,462
			0	562,562
Passed through from Texas Office of the Governor:				
Mobile Command Vehicle Upgrades and Satellite Service	97.067	2958004	0	25,784
Passed Through From Brazos Valley Council of Governments:				
Homeland Security Grant Award	97.067	3599301	-	37,515
Homeland Security Grant Award	97.067	3396901	-	6,583
			-	44,098
Total Department of Homeland Security			-	632,444
Total Federal Awards Expended			\$ 144,635	\$ 1,788,069

City of Bryan, Texas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Note 1: Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Bryan, Texas (City) under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures 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 allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

Audit Committee and City Council
City of Bryan, Texas
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 (City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2020, which contained a reference to other auditors and "Emphasis of Matter" paragraph regarding a prior period restatement. The financial statements of City of Bryan, Texas and Brazos County Economic Development Foundation, Inc. (BBCEDF), Brazos Valley Solid Waste Management Agency (BVSWMA), a joint venture between the City of College Station and City of Bryan, Texas and the financial statements of Bryan Business Council, Inc. (BBC), the discretely presented component unit, 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 BBCEDF, BVSWMA or BBC.

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 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

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*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

BKD, LLP

Houston, Texas
April 23, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Audit Committee and City Council
City of Bryan, Texas
Bryan, Texas

Report on Compliance for the Major Federal Program

We have audited the City of Bryan, Texas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2019. 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.

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 the City's major federal program 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* 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended September 30, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bryan, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated April 23, 2020, which contained an unmodified opinion on those financial statements and a reference to other auditors and "Emphasis of Matter" paragraph regarding a prior period restatement. Our

Audit Committee and City Council
City of Bryan, Texas

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

BKD, LLP

Houston, Texas
April 23, 2020

City of Bryan, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified *Qualified* *Adverse* *Disclaimer*

2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? *Yes* *None reported*
 Material weakness(es)? *Yes* *No*

3. Noncompliance considered material to the financial statements was disclosed by the audit? *Yes* *No*

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
 Significant deficiency(ies)? *Yes* *None reported*
 Material weakness(es)? *Yes* *No*

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
 Unmodified *Qualified* *Adverse* *Disclaimer*

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? *Yes* *No*

7. The City's major program is:

Cluster/Program	CFDA Number
<i>CDBG – Entitlement Grants Cluster</i> Community Development Block Grants/Entitlement Grants	14.218

City of Bryan, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Organization qualified as a low-risk auditee? *Yes* *No*

City of Bryan, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2019-001	<p>Restatement of Prior Year Financial Statements</p> <p>Criteria or specific requirement: The City's internal controls should be designed to prevent, or detect and correct, misstatements within the financial statements in a timely basis.</p> <p>Condition: The City's 2018 financial statements understated the net position of the government type activities and overstated the net position of the debt service fund.</p> <p>Effect: The City's 2019 beginning fund balance of the debt service fund was restated to conform to accounting principles generally accepted in the United States (GAAP). The City's net position of the government type activities was corrected through an adjustment to the current year statement of changes in net position.</p> <p>Cause: The City's year end reconciliation and financial statement review processes were not sufficient to identify errors in the financial statements.</p> <p>Recommendation: We recommend that management strengthen its internal controls over year end reconciliations and financial statement reviews to ensure balances are reported in accordance with GAAP.</p> <p>Views of responsible officials and planned corrective actions: We agree. Management will strengthen its internal controls over year-end reconciliations and financial statement reviews to ensure balances are reported in accordance with GAAP.</p>

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

City of Bryan, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2019

Reference Number	Summary of Finding	Status
2018-001	<p>Community Development Block Grant (CDBG) CFDA 14.218 U.S. Department of Housing and Urban Development</p> <p>Criteria or specific requirement – The City is required to maintain evidence of controls over compliance for allowable costs and activities of the program.</p> <p>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.</p> <p>Recommendation – We recommend evidence of approval by appropriate personnel be maintained by the City.</p>	Resolved