

City of Bryan, Texas

Single Audit Reports

September 30, 2021



City of Bryan, Texas
September 30, 2021

Contents

Schedule of Expenditures of Federal Awards 1

Notes to the Schedule of Expenditures of Federal Awards 2

**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..... 3**

**Report on Compliance for the Major Federal Program; Report on Internal
Control Over Compliance; and Report on Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance – Independent
Auditor’s Report 5**

Schedule of Findings and Questioned Costs..... 8

Summary Schedule of Prior Audit Findings 11

City of Bryan, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs				
<i>CDBG – Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 130,491	\$ 1,005,505
COVID-19 - Community Development Block Grants - CARES	14.218		233,493	659,186
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		-	149,206
Home Investment Partnerships Program	14.239		-	388,028
Total U.S. Department of Housing and Urban Development			<u>363,984</u>	<u>2,201,925</u>
U.S. Department of Justice				
Direct Program				
Bulletproof Vest Partnership Program 2019	16.607		-	5
Bulletproof Vest Partnership Program 2020	16.607		-	3,726
Direct Program				
Edward Byrne Memorial Justice Assistance Grant Program 2020	16.738		13,467	20,308
Passed through from City of College Station, Texas				
Edward Byrne Memorial Justice Assistance Grant Program 2021	16.738	4029001	-	36,149
Total U.S. Department of Justice			<u>13,467</u>	<u>60,188</u>
U.S. Department of Treasury				
Direct Program				
COVID-19 - Coronavirus Relief Fund	21.019		-	65,968
Total U.S. Department of Treasury			<u>0</u>	<u>65,968</u>
U.S. Department of Transportation				
Passed through from Texas Parks and Wildlife Commission				
<i>Highway Planning and Construction Cluster</i>				
Recreational Trails Program				
Bryan Camelot Park - Project #D52006	20.219		-	61,930
Total U.S. Department of Transportation			<u>0</u>	<u>61,930</u>
U.S. Institute of Museum and Library Services				
Passed through from Texas State Library and Archives Commission				
Grants to State - ILL Lending Reimbursement Grant	45.310	LS-00-18-0044-18	-	384
Total U.S. Institute of Museum and Library Services			<u>0</u>	<u>384</u>
U.S. Department of Homeland Security				
Direct Programs				
Disaster Grants - Public Assistance (February Winter Storm)	97.036		-	77,952
Assistance to Firefighters Grant	97.044		-	(433)
Homeland Security Grant Program	97.067		-	3,480
Staffing for Adequate Fire and Emergency Response Program	97.083		-	382,810
Total U.S. Department of Homeland Security			<u>0</u>	<u>463,809</u>
Total Federal Awards Expended			<u>\$ 377,451</u>	<u>\$ 2,854,204</u>

The accompanying notes are an integral part of this Schedule.

City of Bryan, Texas
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2021

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 (the City) under programs of the federal government for the year ended September 30, 2021. 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 or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 (the City), as of and for the year ended September 30, 2021, 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 22, 2022, which contained an "Emphasis of Matter" paragraph for a change in accounting principles.

Our report includes a reference to other auditors who audited the financial statements of the City of Bryan, Texas and Brazos County Economic Development Foundation, Inc. (BBCEDF) and Brazos Valley Solid Waste Management Agency (BVSWMA), joint ventures of the City, Destination Bryan, a blended component unit of the City, and Bryan Business Council, Inc. (BBC), the discretely presented component unit. The financial statements of BBCEDF, BVSWMA, Destination Bryan and BBC 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, Destination Bryan and BBC or that are reported on separately by those auditors who audited the financial statements of BBCEDF, BVSWMA, Destination Bryan 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. 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 financial statements. 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.

BKD, LLP

Houston, Texas
March 22, 2022

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required
by the Uniform Guidance**

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' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. 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, 2021.

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 (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 22, 2022, 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.

BKD, LLP

Houston, Texas
March 22, 2022

City of Bryan, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

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	Assistance Listing Number
CDBG – Entitlement Grants Cluster	14.218

City of Bryan, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

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

City of Bryan, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

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, 2021

Reference Number	Summary of Finding	Status
2020-001	<p>Finding: Preparation of Financial Statements</p> <p>Several issues were noted during preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Incurred but not reported liabilities (IBNR) - The City's spreadsheet used to support the balance of IBNR for health insurance claims contained a clerical error of approximately \$958 thousand. The City ultimately prepared a revised calculation resulting in a passed audit adjustment of approximately \$214 thousand. • Net Position - The City's government type activities net investment in capital assets balance was understated by approximately \$10.3 million and the City's unrestricted net position was overstated by approximately \$10.3 million due to an error in the spreadsheet formula supporting the balance as reported in the financial statements. • Classification of current and non-current liabilities - The City's current liability for compensated absences was overstated by approximately \$1.1 million and the City's non-current liability for compensated absences was understated by approximately \$1.1 million as a result of an error in the spreadsheet formula used to perform the calculation. <p>The conditions noted above resulted in errors in financial statement amounts for IBNR, net position, and classification of current and non-current liabilities as noted in the condition above, two errors were corrected as a result of audit adjustments and one was reported as a proposed but passed audit adjustment.</p>	Resolved