

SINGLE AUDIT SECTION

CITY OF ANDREWS
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2015

Grantor / Program Title	Federal CFDA Number	Grant/ Contract Number	Current Year GAAP Basis Grant Expended
FEDERAL ASSISTANCE:			
<u>U.S. Environmental Protection Agency</u>			
Passed through Texas Water Development Board			
Congressionally Mandated Projects			
Arsenic Filtration Project	66.202	XP-00F47701	\$ 345,342
<u>Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture			
Community Planning and Development:			
Community Development Block Grant	14.218	7214001	\$ 174,450
Total Federal Financial Assistance			<u>\$ 519,792</u>
STATE ASSISTANCE:			
<u>Texas Department of State Health Services</u>			
EMS / Trauma Care System Funds		C-11086	\$ 13,043
Total State Financial Assistance			<u>\$ 13,043</u>
TOTAL FEDERAL AND STATE AWARDS			<u><u>\$ 532,835</u></u>

CITY OF ANDREWS
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2015

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards to the City of Andrews. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. Federal awards include expenditures funded with program income, but excludes expenditures funded with City matching funds and revolving loan funds. All state awards received directly from state agencies, not passed through the State by the Federal Government, as well as state awards passed through other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

3. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Schedule of Findings and Questioned Costs, including the summary of auditors' results is included on page 132.

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2015, 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 the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

5. SUB-RECIPIENTS

Of the federal expenditures presented in the Schedule, the City provided no federal awards to sub-recipients.

6. OUTSTANDING LOANS

The City has provided no loans through related to any program receiving federal awards.

**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 AND THE STATE OF
TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Andrews, Texas
111 Logsdon
Andrews, Texas 79714

To the Honorable Mayor and Members of the City Council:

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 Andrews, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2015.

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 the 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 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*.



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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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information of the City's council, management, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Wayne M. Manning, CPA".

Wayne M. Manning, CPA

December 23, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Andrews, Texas
111 Logsdon
Andrews, Texas 79714

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Andrews, Texas ("the City") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion of 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.



Texas Society of
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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 the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. This report is intended for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wayne M. Manning, CPA".

Wayne M. Manning, CPA

December 23, 2015

CITY OF ANDREWS
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2015

A. Summary of Auditor's Results

Type of Report on Financial Statements	Unqualified Opinion
Significant Deficiencies Relating to Financial Statements	None
Material Weaknesses involving Significant Deficiencies	None
Noncompliance Material to the Financial Statements	None
Significant Deficiencies Relating to Compliance	None
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal and State Awards As Defined in Section 510(a), OMB Circular A-133 or the State of Texas Single Audit Circular	None
Dollar Threshold Considered between Type A and Type B Federal and State Programs, respectively	\$300,000 and \$300,000
Low Risk Auditee	The City was classified as a low-risk auditee in the context of OMB Circular A-133

Major Federal Programs:

Grantor Agency:	U.S. Environmental Protection Agency
Program:	Arsenic Filtration Project
Grant No.	XP-00F47701
CFDA No.	66.202

Grantor Agency:	Department of Housing and Urban Development
Program:	Community Development Block Grant
Grant No.	7214001
CFDA No.	14.218

Major State Programs:

Grantor Agency:	Texas Department of State Health Services
Program:	EMS / Trauma Care System Funds
Grant No.	C-11086

B. Findings Required to be Reported by Government Auditing Standards

No matters reportable.

C. Findings and Questioned Costs for Federal and State Awards

No matters reportable.

CITY OF ANDREWS
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2015

A. Findings Required to be Reported in Accordance with Government Auditing Standards

No matters reportable.

B. Findings and Questioned Costs for Federal and State Awards

No matters reportable.