

# City of Odessa, Texas

Single Audit Report

For the Fiscal Year Ended September 30, 2020

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City of Odessa, Texas  
Single Audit Report  
For the Fiscal Year Ended September 30, 2020  
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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 Odessa, 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 Odessa, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June XX, 2021.

***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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

***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*.

The Honorable Mayor and Members of the City Council  
City of Odessa, Texas

### **The City's Response to Findings**

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.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
June XX, 2021

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**Independent Auditor's Report on Compliance for Each Major Federal and State Program and  
Report on Internal Control over Compliance in accordance with the Uniform Guidance and State of  
Texas Single Audit Circular and Report on the Schedule of Expenditures of Federal and State Awards  
Required by the Uniform Guidance and the State of Texas Single Audit Circular**

To the Honorable Mayor and Members of the City Council  
City of Odessa, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited the City of Odessa, Texas' (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Texas Single Audit Circular* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2020. The City's major federal and state program 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 and State of Texas statutes and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal and state 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 of Federal Awards* (Uniform Guidance) and *the State of Texas Single Audit Circular under the Uniform Grant Management Standards (UGMS) issued by the Governor's Office of Budget and Planning*. Those standards, the Uniform Guidance and UGMS 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 and state 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 and state program. However, our audit does not provide a legal determination of the City's compliance.

The Honorable Mayor and Members of the City Council  
City of Odessa, Texas

### ***Opinion on Each Major Federal and State 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 and state programs for the year ended September 30, 2020.

### **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 and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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 and state 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 and state 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 and state 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 and UGMS. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and Members of the City Council  
City of Odessa, Texas

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS**

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 City of Odessa, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated June XX, 2021, 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 and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
June XX, 2021

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City of Odessa, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended September 30, 2020

Federal or State Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Grant Award / Pass- Through Identifying Number	Passed Through to Subrecipients	Total Award Expenditures
<b>FEDERAL GRANT EXPENDITURES:</b>				
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Program				
2015 Community Development Block Grant (CDBG) - Cluster	14.218	B-15-MC-48-0024	\$ -	\$ 45,989
2016 Community Development Block Grant (CDBG) - Cluster	14.218	B-16-MC-48-0024	-	10,640
2017 Community Development Block Grant (CDBG) - Cluster	14.218	B-17-MC-48-0024	-	52,237
2018 Community Development Block Grant (CDBG) - Cluster	14.218	B-18-MC-48-0024	-	271,338
2019 Community Development Block Grant (CDBG) - Cluster	14.218	B-19-MC-48-0024	-	530,026
Total CFDA Number 14.218			-	910,230
Total Community Development Block Grant (CDBG) Cluster				910,230
Direct Program				
2014 Community Development HOME Grant (HOME)	14.239	M-14-MC-48-0207	-	4,946
2015 Community Development HOME Grant (HOME)	14.239	M-15-MC-48-0207	-	30,400
2016 Community Development HOME Grant (HOME)	14.239	M-16-MC-48-0207	-	50,480
2017 Community Development HOME Grant (HOME)	14.239	M-17-MC-48-0207	-	93,370
2018 Community Development HOME Grant (HOME)	14.239	M-18-MC-48-0207	-	19,237
2019 Community Development HOME Grant (HOME)	14.239	M-19-MC-48-0207	-	8,075
Total CFDA Number 14.239			-	206,508
<b>Total Department of Housing and Urban Development</b>			-	1,116,738
<b>DEPARTMENT OF JUSTICE</b>				
Direct Program				
Equitable Sharing Program	16.922	N/A	-	13,000
Total CFDA Number 16.922			-	13,000
Byrne Memorial Justice Assistance Grant (JAG) - Local Solicitation Grant	16.738	2017-DJ-BX-0832	-	71,188
Byrne Memorial Justice Assistance Grant (JAG) - Local Solicitation Grant	16.738	2018-DJ-BX-0893	-	101,766
Byrne Memorial Justice Assistance Grant (JAG) - Local Solicitation Grant	16.738	2019-DJ-BX-0734	-	75,056
Total CFDA Number 16.738			-	248,010
2020 Coronavirus Emergency Supplemental Grant	16.034	2020-VD-BX-1479	-	3,260
<b>Total Department of Justice</b>			-	264,270
<b>U.S. DEPARTMENT OF TREASURY</b>				
Direct Program				
CARES Act Coronavirus Relief Fund	21.016	N/A	-	3,661,066
Equitable Sharing Program	21.016	N/A	-	39,113
Total CFDA Number 21.016			-	3,700,179
<b>Total Department of Treasury</b>			-	3,700,179
<b>NATIONAL HIGHWAY SAFETY ADMINISTRATION</b>				
Passed Through National Highway Safety Administration				
NHTSA Step Speed ITC SB of Transportation - Highway Safety Cluster	20.600	2019-Odessa-S-1YG-00059	-	360
NHTSA Step Speed ITC SB of Transportation - Highway Safety Cluster	20.600	2020-Odessa-S-1YG-00059	-	20,575
Total CFDA Number 20.600			-	20,935
Total Highway Safety Cluster			-	20,935

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

# City of Odessa, Texas

## Schedule of Expenditures of Federal and State Awards – Continued For the Fiscal Year Ended September 30, 2020

Federal or State Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Grant Award / Pass- Through Identifying Number	Passed Through to Subrecipients	Total Award Expenditures
<b>DEPARTMENT OF TRANSPORTATION</b>				
Passed Through Texas Department of Transportation				
Federal Transit Administration - Federal Transit Cluster	20.507	TX-90-Y204	-	3,644,273
Total CFDA Number 20.507			-	3,644,273
Total Federal Transit Cluster			-	3,644,273
Passed Through Texas Department of Transportation				
Federal Transit Administration - Transit Services Cluster	20.513	Section 5310	-	238,413
Total CFDA Number 20.513			-	238,413
Total Transit Services Cluster			-	238,413
<b>Total Department of Transportation</b>				<b>3,882,686</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
Direct Program				
High Intensity Drug Trafficking Areas Program	95.001	G18SW0014A	-	1,338
High Intensity Drug Trafficking Areas Program	95.001	G19SW0014A	-	7,475
High Intensity Drug Trafficking Areas Program	95.001	G20SW0014A	-	1,315
Total CFDA Number 95.001			-	10,128
<b>Total Executive Office of the President</b>			-	<b>10,128</b>
<b>Total Federal Grant Expenditures</b>			<b>\$ -</b>	<b>\$ 8,994,936</b>
<b>STATE GRANT EXPENDITURES:</b>				
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>				
Direct Program				
State and Local Urban Public Transportation	N/A	SATE-U-2020-EZRIDER	\$ -	\$ 771,612
Total State and Local Urban Public Transportation			-	771,612
<b>Total Texas Department of Transportation</b>			-	<b>771,612</b>
<b>TEXAS OFFICE OF ATTORNEY GENERAL</b>				
Direct Program				
Chapter 59 Asset Forfeiture Program	N/A	N/A	-	34,406
Total Office of Attorney General			-	34,406
<b>Total Office of Attorney General</b>			-	<b>34,406</b>
<b>OFFICE OF THE GOVERNOR</b>				
Direct Program				
Project Safe Neighborhood	N/A	3920201	-	39,346
Bullet Proof Vest	N/A	N/A	-	13,661
Total Office of the Governor			-	53,007
<b>Total State Grant Expenditures</b>			-	<b>859,025</b>
<b>Total Federal and State Grant Expenditures</b>			<b>\$ -</b>	<b>\$ 9,853,961</b>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

## City of Odessa, Texas

Notes to Schedule of Expenditures of Federal and State Awards  
For the Fiscal Year Ended September 30, 2020

### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the City under programs of the federal and state government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and UGMS. 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. The City has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance and UGMS. The non-cash assistance received by the City is recorded at its estimated market value.

### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB *Compliance Supplement* and UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts reported as expenditures in the accompanying schedule of expenditures of federal and state awards may not agree with the amounts reported in the related federal and state financial reports filed with the grantor agencies because of accruals which would be included in the next report filed with the agency.

### Note 3. Federal Transit Administration

The City serves as the designated recipient for the federal and state grant funds received for the benefit of the Midland Odessa Urban Transit District (MOUSD). Federal and state transit grant funds are in the name of the City who collects the funds based on MOUSD's request for funds. The City disburses the grant funds to MOUSD as requested. The City has signed a designation of signature authority which allows MOUSD to file the grant reports and request funds.

The federal and state grant money received by MOUSD is awarded to the City. The City is the designated recipient and is responsible for the funds and for all reporting required by the Federal Transit Administration (FTA). The FTA does not allow this to be shown as pass through to MOUSD.

**City of Odessa, Texas**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2020

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

     Yes      X   No

Significant deficiencies identified that are not considered to be material weaknesses?

  X   Yes         None Reported

Noncompliance material to financial statements noted?

     Yes      X   No

Federal and State Awards

Internal control over major programs:

· Material weakness(es) identified?

     Yes      X   No

· Significant deficiencies identified that are not considered to be material weakness(es)?

     Yes      X   None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

     Yes      X   No

Any questioned costs?

     Yes      X   No

Identification of major programs:

CFDA Number(s)

Name of Program or Cluster

Federal  
20.507

**U.S. Department of Transportation**  
Federal Transit Administration - Federal Transit Cluster

21.016

**U.S. Department of Treasury**  
CARES Act Coronavirus Relief Fund

State  
N/A

**Texas Department of Transportation**  
State and Local Urban Public Transportation

Dollar threshold used to distinguish between type A and type B programs:

Federal	State
\$ 750,000	\$ 300,000

Auditee qualified as low-risk auditee?

Federal

  X   Yes         No

State

  X   Yes         No

## City of Odessa, Texas

Schedule of Findings and Questioned Costs – Continued  
For the Fiscal Year Ended September 30, 2020

### Section II – Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

#### Significant Deficiency in Internal Control over Financial Reporting

##### Finding – 2020-001

Criteria: Management is responsible for recording financial activity correctly, which includes recording invoices in the proper fiscal year.

Condition: Balances for accounts payable and construction in process did not reflect all charges for services performed prior to year-end.

Cause: The City implemented new accounting software during fiscal year 2020 and could not assign invoices received and paid in the subsequent fiscal year to the current fiscal year accounts payable balance and the corresponding expense account; therefore, this process had to be performed manually with a journal entry into the accounting system. The two invoices in question were mistakenly omitted from the invoices manually accrued for as of September 30, 2020.

Effect: Certain account balances reported at year-end by the City had to be adjusted to properly reflect financial statements in accordance with U.S. generally accepted accounting principles. Adjustments to accounts payable and constructions in process were recorded as of September 30, 2020.

Recommendation: The City should review invoices received subsequent to year-end for services performed prior to year-end and evaluate whether they should be accrued for as of September 30.

Management Response: Cindy Muncy and the City staff will continue to work with the software provider to configure the accounting software in a way that enables the finance department to automate year-end accruals.

### Section III – Findings and Questioned Costs for Federal and State Awards

None in 2020.

**City of Odessa, Texas**  
Status of Prior Year Findings  
For the Fiscal Year Ended September 30, 2020

**Section IV – Status of Prior Year Findings and Questioned Costs**

None noted

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