

City of Houston, Texas

Single Audit Report for the
Year Ended June 30, 2013

CITY OF HOUSTON, TEXAS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of
City Council and City Controller of the
City of Houston, 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, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Houston (the "City") as of and for the year ended June 30, 2013, 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 12, 2013. Our report includes a reference to other auditors who audited the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officers' Pension Trust Fund, blended component units of the City, which, in aggregate, represent 100% of the assets and net position of the pension trust funds, within the fiduciary funds. We did not audit the financial statements of any governmental discretely presented component units (except for Houston Area Library Automated Network, Houston Forensic Science, LGC, Inc., Houston Recovery Center, LGC, and Lamar Terrace Public Improvement District, which represent 0.6%, 1.9%, and 0.0%, respectively, of the assets, net position, and revenues of the governmental discretely presented component units) or any business-type discretely presented component units (except for Houston First Corporation, which represents 70.3%, 29.2% and 94.9%, respectively, of the assets, net position, and revenues of the business-type discretely presented component units) as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 were not identified. 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 as items 2013-001 and 2013-002 in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies.

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*.

We noted certain matters that we reported to management of the City in a separate letter dated December 12, 2013.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response 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 result 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.

Deloitte & Touche LLP

December 12, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND UGMS

To the Honorable Mayor, Members of
City Council and City Controller of the
City of Houston, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Houston's (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 and state programs for the year ended June 30, 2013. The City's major federal and state 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 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grants Management Standards* ("UGMS"). 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 or 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.

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 June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and/or UGMS and which are described in the accompanying schedule of findings and questioned costs as items 2013-004 through 2013-005. Our opinion on each major federal and state program is not modified with respect to these matters.

The City's response to the noncompliance findings 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 compliance and, accordingly, we express no opinion on the response.

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 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 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 or 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 or 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 or 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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-003 through 2013-005 that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and UGMS

We have audited the financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon dated December 12, 2013, which contained an unmodified opinion on those financial statements and a reference to other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

Deloitte & Touche LLP

January 31, 2014

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Office of National Drug Control Policy			
Direct Awards			
Houston International Support	07.000	G10HN0001A	\$ (1,422)
Gang & Nontrad Gang	07.000	G10HN0001A	105,891
Total Office of National Drug Control Policy			\$ 104,469
Executive Office of the President			
Direct Awards			
<i>High Intensity Drug Trafficking Areas Program</i>			
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	\$ 9,156
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	78,097
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	61,893
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	426,161
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	182,207
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	20,659
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	320,749
High Intensity Drug Trafficking Areas Program	99.000	G11HN0001A	498,344
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	10,497
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	122,333
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	98,452
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	615,832
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	208,721
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	151,203
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	359,221
High Intensity Drug Trafficking Areas Program	99.000	G12HN0001A	1,165,306
<i>Total High Intensity Drug Trafficking Areas Program</i>			4,328,831
Total Executive Office of the President			\$ 4,328,831
U.S. Department of Agriculture Food and Nutrition Service			
Pass-Through Awards			
<i>Baylor College of Medicine</i>			
Grants for Agricultural Research Competitive Research Grants	10.206	2008-55215-18875	\$ 13,859
<i>Total Baylor College of Medicine</i>			13,859
<i>Texas Department of State Health Service</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2009-030104-001	16
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2011-037179	(675)
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-039983	3,077,703
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2013-042768	8,174,077
<i>Total Texas Department of State Health Service</i>			11,251,121
<i>Texas Department of Agriculture Food and Nutrition Service</i>			
Child and Adult Care Food Program	10.558	CE ID 01525	338,225
Summer Food Service Program for Children	10.559	CE ID 01525	1,465,189
Summer Food Service Program for Children	10.559	CE ID 01525	818,554
<i>Total Texas Department of Agriculture Food and Nutrition Service</i>			2,621,968
Total U.S. Department of Agriculture Food and Nutrition Service			\$ 13,886,948

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
U.S. Department of Housing & Urban Development			
Direct Awards			
<i>Office of Community Planning & Development</i>			
Community Development Block Grants/Entitlement Grants	14.218	B00MC480018	\$ 53,438
Community Development Block Grants/Entitlement Grants	14.218	B01MC480018	22,105
Community Development Block Grants/Entitlement Grants	14.218	B02MC480018	380,643
Community Development Block Grants/Entitlement Grants	14.218	B03MC480018	171,672
Community Development Block Grants/Entitlement Grants	14.218	B04MC480018	73,753
Community Development Block Grants/Entitlement Grants	14.218	B05MC480018	2,090,237
Community Development Block Grants/Entitlement Grants	14.218	B06MC480018	1,211,884
Community Development Block Grants/Entitlement Grants	14.218	B07MC480018	164,326
Community Development Block Grants/Entitlement Grants	14.218	B08MC480018	1,235,136
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	6,438,026
Community Development Block Grants/Entitlement Grants	14.218	B09MC480018	2,115,743
Community Development Block Grants/Entitlement Grants	14.218	B10MC480018	7,099,443
Community Development Block Grants/Entitlement Grants	14.218	B11MC480018	6,581,690
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	2,343,351
Community Development Block Grants/Entitlement Grants	14.218	B12MC480018	20,209,460
Community Development Block Grants/Entitlement Grants	14.218	B93MC480018	12,966
Community Development Block Grants/Entitlement Grants	14.218	B94MC480018	1
Community Development Block Grants/Entitlement Grants	14.218	B95MC480018	(31,850)
Community Development Block Grants/Entitlement Grants	14.218	B96MC480018	26,078
Community Development Block Grants/Entitlement Grants	14.218	B97MC480018	33,275
Community Development Block Grants/Entitlement Grants	14.218	B98MC480018	2,789
Community Development Block Grants/Entitlement Grants	14.218	B99MC480018	49,227
Total Community Development Block Grant			50,283,393
<i>Emergency Solutions Grant Program</i>			
Emergency Solutions Grant Program	14.231	E11MC480002	246,818
Emergency Solutions Grant Program	14.231	E12MC480002	367,460
Total Emergency Solutions Grant Program			614,278
<i>HOME Investment Partnerships Program</i>			
HOME Investment Partnerships Program	14.239	M00MC480206	540,638
HOME Investment Partnerships Program	14.239	M01MC480206	1,727,889
HOME Investment Partnerships Program	14.239	M02MC480206	49,127
HOME Investment Partnerships Program	14.239	M03MC480206	1,020,297
HOME Investment Partnerships Program	14.239	M04MC480206	61,372
HOME Investment Partnerships Program	14.239	M05MC480206	46,970
HOME Investment Partnerships Program	14.239	M06MC480206	310,226
HOME Investment Partnerships Program	14.239	M07MC480206	88,531
HOME Investment Partnerships Program	14.239	M09MC480206	956,819
HOME Investment Partnerships Program	14.239	M10MC480206	6,664,123
HOME Investment Partnerships Program	14.239	M11MC480206	3,423,648
HOME Investment Partnerships Program	14.239	M12MC480206	782,250
HOME Investment Partnerships Program	14.239	M94MC480206	284,280
HOME Investment Partnerships Program	14.239	M95MC480206	213,381
HOME Investment Partnerships Program	14.239	M99MC480206	394,497
Total HOME Investment Partnerships Program			16,564,048
<i>Housing Opportunities for Persons with AIDS</i>			
Housing Opportunities for Persons with AIDS	14.241	TX21H04-F003	671
Housing Opportunities for Persons with AIDS	14.241	TX21H05-F003	26,555
Housing Opportunities for Persons with AIDS	14.241	TX21H06-F003	10,099
Housing Opportunities for Persons with AIDS	14.241	TX21H07-F003	82,359
Housing Opportunities for Persons with AIDS	14.241	TX-H08-F004	287,750
Housing Opportunities for Persons with AIDS	14.241	TXH09F003	789,341
Housing Opportunities for Persons with AIDS	14.241	TXH10F003	415,536
Housing Opportunities for Persons with AIDS	14.241	TXH11F003	3,547,063
Housing Opportunities for Persons with AIDS	14.241	TXH12F003	1,405,675
Total Housing Opportunities for Persons with AIDS			6,565,049

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<i>CDBG/Brownfield Economic Development Initiative</i>			
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	E95EZ480006	59,855
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	B00SPTX0377	-
Total CDBG/Brownfield Economic Development Initiative			59,855
<i>Economic Development Initiative-Special Project</i>			
Economic Development Initiative-Special Project	14.251	B-09-SP-TX-0128	280,325
Total Economic Development Initiative			280,325
<i>Lead-Based Paint Hazard Control in Privately-Owned Housing</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TXLHB0459-09	914,556
Total Lead-Based Paint Hazard Control in Privately Owned Housing			914,556
<i>Lead Hazard Reduction Demonstration Grant Program</i>			
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0202-09	386,724
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0231-11	1,192,089
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHDO175-07	-
Total Lead Hazard Reduction Demonstration Grant Program			1,578,813
Total Direct Awards			\$ 76,860,317
Pass-Through Awards			
<i>Texas Department Of Housing & Community Affair</i>			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	70090001	\$ 11,451,043
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	B-06-DG-48-0002	(84)
Total Texas Department of Housing and Community Affair			11,450,959
<i>Texas General Land Office</i>			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	4,202,677
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	765,893
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	758,994
Total Texas General Land Office			5,727,564
<i>Texas Department Of Rural Affairs</i>			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070 HUD TDRA-DR	5,887,257
Total Texas Department of Rural Affairs			5,887,257
Total Pass-Through Awards			\$ 23,065,780
Total U.S. Department of Housing & Urban Development			\$ 99,926,097
U.S. Department of Justice			
Direct Awards			
<i>Shared Forfeiture Property</i>	16.000		\$ 1,044,221
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Missing Children's Assistance	16.543	2012-MC-FX-K053	204,045
Total Office of Juvenile Justice and Delinquency Prevention			204,045

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<i>National Institute of Justice</i>			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2011-DN-BX-0002	698,760
DNA Backlog Reduction Program	16.741	2009-DN-BX-K130	(20,603)
DNA Backlog Reduction Program	16.741	2010-DN-BX-K112	164,120
DNA Backlog Reduction Program	16.741	2011-DN-BX-K427	165,741
DNA Backlog Reduction Program	16.741	2012-DN-BX-0068	4,370
Total National Institute of Justice			1,012,388
<i>Crime Laboratory Improvement Combined Offender</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DD-BX-0593	17
Total Crime Laboratory Improvement Combined Offender			17
<i>Local Law Enforcement Block Grant Program</i>			
Local Law Enforcement Assistance	16.592	2004LBBX1440	(170)
Total Local Law Enforcement Block Grant Program			(170)
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	2010CKWX0370	1,350,000
Public Safety Partnership and Community Policing Grants	16.710	2010ULWX0026	3,126,358
Public Safety Partnership and Community Policing Grants	16.710	2011CKWXK009	197,759
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0028	355,796
Total Office of Community Oriented Policing Services			5,029,913
<i>Bureau of Justice Assistance</i>			
Bulletproof Vest Partnership Program	16.607	2009-BO-BX-09049840	(1,491)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0119	2,306
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0286	(39,121)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1269	4
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1284	4
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1284	1,078,219
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1032	853,190
Economic High-Tech and Cyber Crime Prevention	16.752	2011-DB-BX-0123	22,528
Congressionally Recommended Awards	16.753	2010-DD-BX-0529	90,449
Congressionally Recommended Awards	16.753	2010-DD-BX-0593	667,313
Total Bureau of Justice Assistance			2,673,401
Total Direct Awards			\$ 9,963,815
Pass-Through Awards			
<i>State of Texas - Governor's Office Criminal Justice Division</i>			
Juvenile Accountability Block Grants	16.523	JB-10-J20-13322-13	\$ 18,115
Juvenile Accountability Block Grants	16.523	JB-11-J20-13322-14	146,926
Crime Victim Assistance	16.575	VA-10-V30-13592-11	(1,523)
Crime Victim Assistance	16.575	VA-12-V30-13592-13	33,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	24772-01	103,279
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DH-06-A10-18445-01	(34)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25810-01	59,433
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25886-01	64,033
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-26445-01	11,046
Total State of Texas - Governor's Office Criminal Justice Division			434,275
<i>Sam Houston State University</i>			
Project Safe Neighborhoods	16.609	22055A	32,231
Project Safe Neighborhoods	16.609	22055B	51,800
Project Safe Neighborhoods	16.609	22055C	17,668
Project Safe Neighborhoods	16.609	321-20-C03F	10,860
Project Safe Neighborhoods	16.609	321-20-C52C	20,658
Project Safe Neighborhoods	16.609	321-20-C52E	1,526
Project Safe Neighborhoods	16.609	321-20-C52F	(1,199)
Project Safe Neighborhoods	16.609	321-20-C52G	17,020
Project Safe Neighborhoods	16.609	321-20-C52K	4,170

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Project Safe Neighborhoods	16.609	321-20-S053	(19)
Project Safe Neighborhoods	16.609	321-20-S054	9
Project Safe Neighborhoods	16.609	S04D77204	52
Project Safe Neighborhoods	16.609	S04D77205	151
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	17319-08	108,748
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CD-12-A10-17319-09	75,914
Total Sam Houston State University			339,589
<i>Texas Alcoholic Beverage Commission</i>			
Enforcing Underage Drinking Laws Program	16.727	80017	13,105
Total Texas Alcoholic Beverage Commission			13,105
Total Pass-Through Awards			\$ 786,969
Total U.S. Department of Justice			\$ 10,750,784

U.S. Department of Transportation

Direct Awards

<i>Federal Aviation Administration</i>			
Airport Improvement Program	20.106	3-48-0111-081	\$ 6,615,713
Airport Improvement Program	20.106	3-48-0111-091	1,274,500
Airport Improvement Program	20.106	3-48-0111-94	970,343
Total Federal Aviation Administration			8,860,556
<i>Federal Highway Administration</i>			
Highway Planning and Construction	20.205	06TX001	46,091
Highway Planning and Construction	20.205	TCSE010-Q680	6,263
Highway Planning and Construction	20.205	TCSP2001(001)	808,130
Total Federal Highway Administration			860,484
<i>Federal Railroad Administration</i>			
Rail Line Relocation and Improvement	20.320	2012-0474	384,909
Total Federal Railroad Administration			384,909
<i>Federal Transit Administration</i>			
Alternative Analysis	20.522	TX-39-0006-00	365,515
Total Federal Transit Administration			365,515
<i>Office of the Secretary (OST) Administration Secretariate</i>			
National Infrastructure Investments	20.933	DTFH61-13-G-00004	345,507
Total Office of the Secretary (OST) Administration Secretariate			345,507
<i>Federal Motor Carrier Safety Administration</i>			
National Motor Carrier Safety	20.218	FM-MHP-0080-12	386,411
Total Federal Motor Carrier Safety Administration			386,411
Total Direct Awards			\$ 11,203,382

Pass-Through Awards

<i>State of Texas - Department of Transportation</i>			
Highway Planning and Construction	20.205	0912-72-004	\$ 419,079
Highway Planning and Construction	20.205	0912-72-195	57,802
Highway Planning and Construction	20.205	ERC SJ 0912-72-274	2,029,013
Highway Planning and Construction	20.205	ERC SJ 0912-72-275	122,482
Highway Planning and Construction	20.205	CSJ 0912-70-038	(102,626)
Highway Planning and Construction	20.205	CSJ 0912-70-078	206,924
Highway Planning and Construction	20.205	CSJ 0912-71-634	(4,160)
Highway Planning and Construction	20.205	CSJ 0912-72-070	(9,554)
Highway Planning and Construction	20.205	CSJ 0912-72-197	626,370
State and Community Highway Safety	20.600	060504A1BR	(5)
State and Community Highway Safety	20.600	2013-HOUSTONP-S-1YG-0015	225,398
State and Community Highway Safety	20.600	583EGF6023	499,528

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
State and Community Highway Safety	20.600	FC74432	100,818
State and Community Highway Safety	20.600	FC74433	130,441
State and Community Highway Safety	20.600	FC74433	85,872
State and Community Highway Safety	20.600	FC74433	48,935
State and Community Highway Safety	20.600	FC74433	120,797
State and Community Highway Safety	20.600	STEP 2009 CMV	(206,327)
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2012-HOUPD-IDM-00010	100,446
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2013-HOUSTONPD-IDM-00002	50,653
Occupant Protection Incentive Grants	20.602	2012-HOUSTONPD-CIOT00025	49,207
Total Pass-Through Awards			\$ 4,551,093
Total U.S. Department of Transportation			\$ 15,754,475
U.S. Department of Treasury			
Direct Awards			
<i>Shared Forfeiture Property - Treasury</i>	21.000		\$ 1,313,944
Total U.S. Department of Treasury			\$ 1,313,944
National Aeronautics and Space Administration			
Pass-Through Awards			
<i>University Corporation for Atmospheric Research Science</i>	43.001	Z11-87947	\$ 13,445
Total National Aeronautics and Space Administration			\$ 13,445
U.S. Institute of Museum and Library Services			
Pass-Through Awards			
<i>Texas State Library and Archive Commission</i>			
Grants to States	99.000	470-12001	\$ (6,797)
Grants to States	99.000	479-12004	17,806
Grants to States	99.000	771-10030	(22)
Total Texas State Library and Archive Commission			10,987
<i>Institute of Museum and Library Services</i>			
National Leadership Grants	99.000	LG-30-12-0685-12	36,036
Total Institute of Museum and Library Services			36,036
Total U.S. Institute of Museum and Library Services			\$ 47,023
U. S. Environmental Protection Agency			
Direct Awards			
<i>Office of Air and Radiation</i>			
Climate Showcase Communities Grant Program	66.041	AF83453001-0	\$ 39,896
Total Office of Air and Radiation			39,896
<i>Office of Chemical Safety and Pollution Prevention</i>			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-00F30801	7,821
Total Office of Chemical Safety and Pollution Prevention			7,821
Total Direct Awards			\$ 47,717
Pass-Through Awards			
<i>Department of Veterans Affairs</i>			
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034	USOC-74985	\$ 21,037
Total Department of Veterans Affairs			21,037

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<i>Texas Commission on Environmental Quality</i>			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	582-11-86422	70,640
Nonpoint Source Implementation Grants	66.460	582-10-90464	118,135
Nonpoint Source Implementation Grants	66.460	582-9-77097	1,431
Performance Partnership Grants	66.605	582-12-10016	383,050
Total Texas Commission on Environmental Quality			573,256
<i>Texas Water Development Board</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	L060016	58,862
Capitalization Grants for Clean Water State Revolving Funds	66.458	L100067	8,754,133
Capitalization Grants for Clean Water State Revolving Funds	66.458	L110062	24,401,042
Capitalization Grants for Clean Water State Revolving Funds	66.458	L120030	2,054,402
Total Texas Water Development Board			35,268,439
Total Pass-Through Awards			\$ 35,862,732
Total U. S. Environmental Protection Agency			\$ 35,910,449
U.S. Department of Energy			
Pass-Through Awards			
<i>City of San Antonio</i>			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	DE-EE0005702	\$ 94,369
Total U.S. Department of Energy			\$ 94,369
U.S. Department Of Health and Human Services			
Direct Awards			
<i>Centers for Disease Control & Prevention</i>			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-29	\$ 2
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-31	1,092,009
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-32	804,017
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-01	60,458
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-02	163,221
Immunization Cooperative Agreements	93.268	CCH622532A	2,818,340
Immunization Cooperative Agreements	93.268	IP000734-01	1,241,255
Immunization Cooperative Agreements	93.268	IP622532-09	-
Immunization Cooperative Agreements	93.268	IP622532-10	1,976,204
Adult Viral Hepatitis Prevention and Control	93.270	SU51PS000904-05	47,812
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CCU623672-02	2,263
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CI623672-05S3	27
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-01	277,793
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-02	73,033
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	CD001272-02	129,322
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	CD001272-03	182,132
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	CI000918-02S2	1,073,677

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	CK000226-01S1	28,121
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003278-01	29,361
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003626-01	756,824
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants-financed solely by 2012 Prevention and Public Health Funds	93.531	DP003528-01	274,094
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants-financed solely by 2012 Prevention and Public Health Funds	93.531	DP003528-02	214,161
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	IP000549-01	66,199
HIV Prevention Activities_Health Department Basesd	93.940	PS003255-02	256,307
HIV Prevention Activities_Health Department Basesd	93.940	PS003626-02	367,509
HIV Prevention Activities_Health Department Basesd	93.940	PS003672-01	4,249,908
HIV Prevention Activities_Health Department Basesd	93.940	PS003672-02	3,234,459
HIV Prevention Activities_Health Department Basesd	93.940	PS023512-	21
HIV Prevention Activities_Health Department Basesd	93.940	PS023512-07	64,151
HIV Prevention Activities_Health Department Basesd	93.940	U1BPS003255-03	182,929
HIV Demonstration, Research, Public and Professional Education Projects	93.941	PS001552-03	207,971
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	PS003212-02	3,222
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001020-02	12
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001020-04	3,337
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001020-05	1,013,667
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-02	7
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-03	(19,079)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-04	598,631
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-05	852
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-01	612,056
Total Centers for Disease Control & Prevention			22,086,285
<i>National Institute of Health</i>			
Cancer Cause and Prevention Research	93.393	CA137802-02	33,885
Total National Institute of Health			33,885
Total Direct Awards			\$ 22,120,170
Pass-Through Awards			
<i>Texas Department of Aging & Disability Services</i>			
Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2013-EAP-13	\$ 38,357
Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Servives for Older Individuals	93.042	2012-OAG-13	22,369
Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Servives for Older Individuals	93.042	2013-OAG-13	104,053
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2012-3D-13	123,019

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2013-3D-13	108,537
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2011-3B-13	(11,699)
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2011-ADM-13	-
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2012-3B-13	1,261,368
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2012-ADM-13	260,179
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-13	1,455,821
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-AWLW-13	2,495
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-ADM-13	611,175
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	2012-3C1-13	489,863
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	2012-3C2-13	1,100,003
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	2013-3C1-13	1,254,458
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	2013-3C2-13	1,754,942
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects	93.048	2012-ADRCDP-13	4,589
Special Programs for the Aging_ Title IV_and Title II_Discretionary Projects	93.048	2013-ADRCDP-13	1,283
National Family Caregiver Support, Title III, Part E	93.052	2012-3E-13	478,048
National Family Caregiver Support, Title III, Part E	93.052	2013-3E-13	934,888
Nutritional Services Incentive Program	93.053	2012-NSIP-13	270,798
Nutritional Services Incentive Program	93.053	2013-NSIP-13	711,146
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	2010-ADRC-MIPPA #2	25,645
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	2011-AAA-MIPPA#2	12,290
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2011-CMS-16	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2011-MIPPA-MIPPA#2	44,473
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2012-CMS-16	(1,354)
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2013-CMS-16	122,461
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2013-CMS-MFP-13	(50,291)
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2014-CMS-16	26,664
Money Follows the Person Rebalancing Demonstration	93.791	2012-ADRC-13	28,728
Money Follows the Person Rebalancing Demonstration	93.791	2012-MFPD-13	11,461
Money Follows the Person Rebalancing Demonstration	93.791	2013-MFPD-13	19,723
Total Texas Department of Aging & Disability Services			11,215,492
<i>Texas Department of State Health Services</i>			
Public Health Emergency Preparedness	93.069	2009-032263-001	3
Public Health Emergency Preparedness	93.069	2010-033535-001	640
Public Health Emergency Preparedness	93.069	2010-035851	210
Public Health Emergency Preparedness	93.069	2011-038795	20,465
Public Health Emergency Preparedness	93.069	2011-038940	411,010
Public Health Emergency Preparedness	93.069	2011-038941	126,977
Public Health Emergency Preparedness	93.069	2012-040281	60,117
Public Health Emergency Preparedness	93.069	2013-041160-002	196,266
Public Health Emergency Preparedness	93.069	2013-041160-004	345,838
Public Health Emergency Preparedness	93.069	2013-041160-007	987,548
Environmental Public Health and Emergency Response	93.070	2012-040142	127,651

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	2013-041160-006	581,849
Hansen's Disease National Ambulatory Care Program	93.2012	2012-040643	5,213
Hansen's Disease National Ambulatory Care Program	93.2013	2013-041160-009	76,559
Family Planning_Services	93.217	2012-040723	336,470
Immunization Cooperative Grants	93.268	2012-039053	348,942
Immunization Cooperative Grants	93.268	2013-041160-010	1,174,197
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CSTE-2013	4,987
National Bioterrorism Hospital Preparedness Program	93.889	2011-038400	11,167
National Bioterrorism Hospital Preparedness Program	93.889	2013-041160-001	30,452
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2007-021957-001	(41)
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2008-025429-001	2,012
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2009-030647-001	7
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2011-037547	(6,847)
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2012-040465	313,788
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2013-041160-012	1,308,078
Preventive Health & Health Services Block Grant	93.991	2008-024522	(50)
Preventive Health & Health Services Block Grant	93.991	2009-028163-001	(441)
Preventive Health & Health Services Block Grant	93.991	2010-032807	447
Preventive Health & Health Services Block Grant	93.991	7460011640A-07-01	(212)
Maternal and Child Health Services Block Grant to the States	93.994	2007-020434-001	13
Maternal and Child Health Services Block Grant to the States	93.994	2008-024094	(13)
Maternal and Child Health Services Block Grant to the States	93.994	2011-035909	257
Maternal and Child Health Services Block Grant to the States	93.994	2012-038975	76,710
Maternal and Child Health Services Block Grant to the States	93.994	2012-039475	31,735
Maternal and Child Health Services Block Grant to the States	93.994	2013-041539	85,825
Maternal and Child Health Services Block Grant to the States	93.994	2013-042423	227,918
Total Texas Department of State Health Services			6,885,747
<i>Houston-Galveston Area Council</i>			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	AG1229	11,113
Social Services Block Grant	93.667	755.1-10	75
Total Houston-Galveston Area Council			11,188
<i>Women's Family Planning and Health Association</i>			
Family Planning_Services	93.217	WHPPT13	34,129
Total Women's Family Planning and Health Association			34,129
<i>Gulf Coast Workforce Board</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2812CCMC07	11,553
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2812CCMC37	16,500
Total Gulf Coast Workforce Board			28,053
<i>Community HealthCare</i>			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	0371100027001	26,869
Total Community HealthCare			26,869
<i>Fred Hutchinson Cancer Research Center</i>			
Allergy, Immunology and Transplantation Research	93.855	750168	35,574
Total Fred Hutchinson Cancer Research Center			35,574

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<i>Harris County Public Health Environment Services</i>			
HIV Emergency Relief Project Grants	93.914	11GEN1987-12GEN 1494	59,402
HIV Emergency Relief Project Grants	93.914	13GEN0040	39,567
Total Harris County Public Health Environment Services			98,969
Total Pass-Through Awards			\$ 18,336,021
Total U.S. Department Of Health and Human Services			\$ 40,456,191
U.S. Department of Homeland Security			
Pass-Through Awards			
<i>Corporation for National and Community Service</i>			
Social Innovation Fund	94.019	11SIHDC001	\$ 115,932
Total Corporation for National and Community Service			115,932
<i>Texas Department of Public Safety</i>			
Non-Profit Security Program	97.008	08-SR-35000-01	(16,951)
Non-Profit Security Program	97.008	09-SR 35000-05	(22,562)
Non-Profit Security Program	97.008	10-SR 35000-01	13,888,103
Non-Profit Security Program	97.008	12-SR 35000-01	5,766,445
Non-Profit Security Program	97.008	2003-TU-TX-0003	(22,688)
Hazard Mitigation Grant	97.039	FEMA-1780-DR-TX	13,200
Emergency Management Performance Grants	97.042	07TX-EMPG-0357	33,626
Emergency Management Performance Grants	97.042	12TX-EMPG-0357	189,887
Homeland Security Grant Program	97.067	10-SR 35000-01	2,200
Homeland Security Grant Program	97.067	11-SR 35000-02	3,145,012
Homeland Security Grant Program	97.067	11-SR 35000-08	7,775
Metropolitan Medical Response System	97.071	10-SR-35000-01	260,176
State Homeland Security Program	97.073	10-SR35000-01	170,612
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	10-SR35000-01	377,430
Total Texas Department of Public Safety			23,792,265
<i>Department of Justice</i>			
Homeland Security Grant Program	97.067	11-SR 35000-04	100,020
Total Department of Justice			100,020
<i>U.S Department of Homeland Security - FEMA</i>			
Assistance to Firefighters Grant	97.044	EMW-2010-FP-01464	130,689
Assistance to Firefighters Grant	97.044	EMW-2011-FO-09909	877,211
Port Security Grant Program	97.056	EMW-2012-PU-00285-S01	237,599
Total U.S Department of Homeland Security - FEMA			1,245,499
<i>Governor's Division of Emergency Management</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EM-3294-TX	925,766
Metropolitan Medical Response System	97.071	2009-SS-T9-0064	550
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	08-35000-01	(2,434)
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	09-35000-01	752,394
Total Governor's Division of Emergency Management			1,676,276
<i>Texas Division of Emergency Management</i>			
Buffer Zone Protection Program	97.078	09-SR-BZ35000-07	10,710
Total Texas Division of Emergency Management			10,710
<i>Texas Commission on Environmental Quality</i>			
Homeland Security Biowatch Program	97.091	582-10-86407	149,838
Homeland Security Biowatch Program	97.091	582-13-30019	529,200
Total Texas Commission on Environmental Quality			679,038
<i>Harris County</i>			
Port Security Grant Program	97.056	2008-GB-T8-K006	6,602,185
Port Security Grant Program	97.056	2009-PU-T9-K011	1,611,850
Port Security Grant Program	97.056	2010-PU-T0-K002	1,166,348
Port Security Grant Program	97.056	EMW-2011-PU-K00146	270,918
Total Harris County			9,651,301

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS			
Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<i>City of Houston</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-EM 3216 TX	(466,374)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1379-HOUSTON AREA	909,966
<i>Total for City of Houston</i>			<u>443,592</u>
Total U.S. Department of Homeland Security			<u>\$ 37,714,633</u>
TOTAL EXPENDITURES OF FEDERAL Non-ARRA AWARDS			<u>\$ 260,301,658</u>
<u>American Recovery and Reinvestment Act</u>			
<u>ARRA</u>			
U.S. Department of Commerce			
Pass-Through Awards			
<i>Texas State Library and Archive Community</i>			
<i>Broadband Technology Opportunities Program</i>	11.557	461-11018	<u>\$ 2,073,524</u>
Total U.S. Department of Commerce			<u>\$ 2,073,524</u>
U.S. Department of Housing & Urban Development			
Direct Awards			
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-48-0018	\$ 941,934
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	S-09-MY-48-0002	<u>463,151</u>
Total Direct Awards			<u>\$ 1,405,085</u>
Pass-Through Awards			
<i>Child Care Council of Greater Houston</i>			
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	4600009462	<u>\$ 26,573</u>
Total Pass-Through Awards			<u>\$ 26,573</u>
Total U. S. Department of Housing & Urban Development			<u>\$ 1,431,658</u>
U.S. Department of Justice			
Direct Awards			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.804	2009-SB-B9-0717	<u>\$ 2,044,443</u>
Total U.S. Department of Justice			<u>\$ 2,044,443</u>
U.S. Department of Transportation			
Pass-Through Awards			
<i>Texas Department of Transportation</i>			
Highway Planning and Construction	20.205	0912-70-022	<u>\$ 19,451</u>
Total U.S. Department of Transportation			<u>\$ 19,451</u>
U.S. Department of Energy			
Direct Awards			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0000965	<u>\$ 2,961,355</u>
Total Direct Awards			<u>\$ 2,961,355</u>

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS			
Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Pass-Through Awards			
<i>Texas Comptroller of Public Accounts</i>			
State Energy Program	81.041	CS1178	\$ 863,180
<i>Total Texas Comptroller of Public Accounts</i>			<u>863,180</u>
<i>Texas Department of Housing & Community</i>			
Weatherization Assistance for Low-Income Persons	81.042	16090000689	(1,440)
<i>Total Texas Department of Housing & Community</i>			<u>(1,440)</u>
Total Pass-Through Awards			<u>\$ 861,740</u>
Total U.S. Department of Energy			<u>\$ 3,823,095</u>
U.S. Department Of Health and Human Services			
Direct Awards			
<i>Centers for Disease Control & Prevention</i>			
ARRA - Immunization	93.712	3U50C1623672-05S1	\$ -
ARRA –Health Information Technology and Public Health	93.729	C1000810-01	142,959
<i>Total Centers for Disease Control & Prevention</i>			<u>142,959</u>
Total Direct Awards			<u>\$ 142,959</u>
Pass-Through Awards			
<i>U T MD Anderson Cancer Center</i>			
Trans-NIH Recovery Act Research Support	93.701	32695/98113847	\$ 11,482
<i>Total U T MD Anderson Cancer Center</i>			<u>11,482</u>
Total Pass-Through Awards			<u>\$ 11,482</u>
Total U.S. Department Of Health and Human Services			<u>\$ 154,441</u>
TOTAL EXPENDITURES OF FEDERAL ARRA AWARDS			<u>\$ 9,546,612</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 269,848,270</u>

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

STATE AWARDS

Program Title	Grant Award Number	Expenditures
<i>Texas Governor's Office Criminal Justice Division</i>		
ASAP-CJD	SF-11-J20-21566-03	\$ 10,000
Asset Forfeiture	NA	4,410,948
Gang Reduction	SF-12-J20-24646-01	12,992
Gang Reduction	SF-13-J20-24646-02	53,950
Total Texas Governor's Office Criminal Justice Division		4,487,890
<i>Texas Automobile Theft Prevention Authority</i>		
HACTF /20	SA-T04-10054-12	185,087
HACTF /21	SA-T04-10054-13	861,897
Major Access Shop /15	SA-T04-10054-07	(2,018)
Total Texas Automobile Theft Prevention Authority		1,044,966
<i>Texas Comptroller of Public Accounts</i>		
Tobacco Compliance /12	10000007-2009	(539)
Tobacco Compliance /13	NA	212
Tobacco Compliance /14	NA	328
Tobacco Compliance /15	NA	2,184
Total Texas Comptroller of Public Accounts		2,185
<i>Texas Department of State Health Services</i>		
HIV Rapid Testing	2012-039146	569,522
HIV Rapid Testing	2013-041160-003	753,480
IDCU FLU-Lab	2013-041160-008	3,477
Local Public Services	2013-041160-011	242,260
Local Public Services	2012-039507	48,973
Milk & Dairy Product Testing	2012-038791	7,901
Milk & Dairy Product Testing	2013-041775	47,639
Tuberculosis Elimination Prevention	2010-032847-001	449
Tuberculosis Elimination Prevention	2011-036067	11
Tuberculosis Elimination Prevention	2013-041160-005	921,972
Tuberculosis Elimination Prevention	2012-039418	226,044
Total Texas Department of State Health Services		2,821,728
<i>Texas Department of Public Safety</i>		
Operation Loanstar	BSOC-OP-LS-023	(34)
Total Texas Department of Public Safety		(34)
<i>Texas Department of Aging & Disability Services</i>		
ADRC Promot Independ	2013-PI-13	124,848
Life Span Resp Care	539-12-0000065728-M1	153,717
State General Revenue	2013-SGR-13	481,338
Total Texas Department of Aging & Disability Services		759,903
<i>Texas Department of Housing & Community Affair</i>		
HHSP HTF 2	66130001661	771,031
Total Texas Department of Housing & Community Affair		771,031
<i>Texas Health & Human Services Commission</i>		
Nurse Family Partnership Program	529-08-0110-00012B	467,927
Nurse Family Partnership Program	HHSC 529-08-0110-00012A	131,280
Total Texas Health & Human Services Commission		599,207

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

STATE AWARDS

Program Title	Grant Award Number	Expenditures
<i>Texas Parks & Wildlife Department</i>		
Emancipation Park	55-000019	305,017
Houston Park Adventure	52-000528	3,152
Sam Houston Park	55-000012	836,682
Townwood Park	50-000402	39,258
Total Texas Parks & Wildlife Department		1,184,109
<i>Texas State Library and Archives Commission</i>		
Loans Star	442-10002	(308)
Total Texas State Library and Archives Commission		(308)
<i>Texas State University</i>		
Tabacco sting	C74636	43,090
Tabacco sting /2	C74992	98,431
Total Texas State University		141,521
<i>Houston-Galveston Area Council</i>		
HGAC-CLEAN RIVERS	C-74366	43,189
Total Houston-Galveston Area Council		43,189
Total Direct Awards		\$ 11,855,387
Pass-Through Awards		
<i>Harris County</i>		
CYD Campo Del Sol	C75302	\$ 8,938
CYD Youth Leadership	C73996-NCA	14,734
Gulfton Mentor Program	C74878	21,903
United Minds	C74877	21,424
United Minds	C73996-NCA	28,764
Total Harris County		95,763
<i>Texas Department of State Health Services</i>		
Tuberculosis Elimination	2009-028744-001	(894)
Tuberculosis Elimination	5/20/2010	229
Total Texas Department of State Health Services		(665)
<i>Texas General Land Office</i>		
CDBG DR RENTAL H R 2	13-181-000-7294	614
CDBG DR RENTAL H R 2	13-181-000-7295	156,569
Total Texas General Land Office		157,183
<i>Houston - Galveston Area Council</i>		
HGAC-Clean Rivers	CR 73605	1,209
Total Houston - Galveston Area Council		1,209
<i>Texas Department of Housing & Community Affair</i>		
HHSP BMIR	65120001385	151,472
HHSP- HTF	66120001333	720,412
Total Texas Department of Housing & Community Affair		871,884
<i>William March Rice University</i>		
Rice- Ambient Air	381200039001	15,557
Total William March Rice University		15,557
Total Pass-Through Awards		\$ 1,140,931
TOTAL EXPENDITURES OF STATE AWARDS		\$ 12,996,318

Notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

1. The accompanying schedule of expenditures of federal and state awards (SEFA) includes the federal grant activity and state grant activity of the City of Houston, Texas (the City) and is presented on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the enterprise funds, which is described in Note 1 to the City's financial statement. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB A-133) and the State of Texas *Uniform Grant Management Standards* (UGMS). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Federal and state awards provided to subrecipients are treated as an expenditure when the City is notified by the subrecipient of the expenditure.

2. Federal and state awards are reported in the City's Comprehensive Annual Financial Report (CAFR) as follows (in thousands):

	<u>Federal</u>	<u>State</u>
Grant Funds	\$ 214,239	\$ 8,585
FEMA Assistant Grant - Hurricane IKE	3,124	
Capital Projects Funds	5,998	
Asset Forfeiture (Special Revenue Funds)	2,358	4,411
Enterprise Fund - Combined Utility System (TX Water Board)	35,268	
Enterprise Fund - Airport System Fund	8,861	
	<hr/>	
Total	<u>\$ 269,848</u>	<u>\$ 12,996</u>

3. Amounts reported in the schedule of expenditures of federal and state awards may not agree with the amounts reported in the related financial reports filed with grantor agencies because of accruals, which would be included in the next report filed with the agencies.
4. **Contingencies** — The City receives various grants to cover costs of specified programs. Final determination of eligibility of costs will be made by the grantors. Should any costs be found ineligible, the City will be responsible for reimbursing the grantors for these amounts.

5. **Noncash Awards** — Certain federal financial award programs do not involve cash awards to the City. These programs include donated vaccines for the year ended June 30, 2013 as follows:

	CFDA Number	Amount
U.S. Department of Health and Human Services:		
Value of vaccines issued	93.268	\$ 2,818,340
Value of vaccines on hand	93.268	\$ 289,705

6. **Loans Outstanding** — The City had the following loan balances outstanding at June 30, 2013. Loans made during the year are included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	\$ 20,227,778
HOME Investment Partnerships Program	14.239	\$ 13,195,868
Section 108 Guaranteed Loan Program	14.248	\$ 1,964,931
Texas Water Development Board	66.458	\$ 141,454,402

7. The following is the federal subrecipient cash disbursements for the year ended June 30, 2013:

Program Title	CFDA Number	Amount Provided to Subrecipient
Community Development Block Grants/Entitlement Grants	14.218	\$ 5,079,762
Emergency Shelter Grants Program	14.231	464,480
Housing Opportunities for Persons with AIDS	14.241	8,625,433
Public Safety Partnership and Community Policing Grants	16.710	67,785
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance.	81.117	94,369
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	38,357
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	104,053
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	39,535
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	180,792
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2,524,357
National Family Caregiver Support, Title III, Part E	93.052	228,613
Nutrition Services Incentive Program	93.053	686,674
HIV Prevention Activities-Health Department Based	93.940	2,397,919
Total		<u>\$ 20,532,129</u>

8. The following is the federal American Recovery and Reinvestment Act subrecipient cash disbursements for the year ended June 30, 2013:

Program Title	CFDA Number	Amount Provided to Subrecipient
GEO- Technology Research	81.128	\$ 1,854,169
Seco Solar	81.041	863,180
Homelessness Prevention and Rapid Re-Hous	14.257	329,668
Total		<u>\$ 3,047,017</u>

9. The following is the state subrecipient cash disbursements for the year ended June 30, 2013:

Program Title	Grant Award Number	Amount Provided to Subrecipients
HACTF/20	SA-T04-10054-12	\$ 16,131
HACTF/21	SA-T04-10054-13	26,941
HHSP (STATE) 10103	63100000891	11,948
HHSP (BMIR) 10220	62120001385	156,247
HHSP-HTF 10226	66120001333	731,533
State General Revenue	2013-SGR-13	481,338
Life Span RESP Care	539-12-0000065728-M1	95,591
HIV Rapid Testing	2012-039146	519,384
HIV Rapid Testing	2013-041160-003	336,100
Total		<u>\$ 2,375,213</u>

10. The following is the schedule of expenditure of federal awards for the year ended June 30, 2013 by cluster:

Cluster Title	CFDA Number	Expenditures
CHILD NUTRITION CLUSTER		
Summer Food Service Program for Children (SFSPC)	10.559	\$ 2,283,743
Total Child Nutrition Cluster		\$ 2,283,743
CDBG-ENTITLEMENT GRANT CLUSTER		
Community Development Block Grants/Entitlement Grants	14.218	\$ 50,283,393
Community Development Block Grant ARRA Entitlement Grants	14.253	941,934
Total CDBG-Entitlement Grant Cluster		\$ 51,225,327
CDBG- STATE-ADMINISTERED CDBG CLUSTER		
Community Development Block Grants/State Programs and Non-	14.228	\$ 23,065,781
Total CDBG-State-Administered CDBG Cluster		\$ 23,065,781
JAG Program Cluster		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 2,132,358
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2,044,443
Total JAG Program Cluster		\$ 4,176,801
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	\$ 4,225,264
Total Highway Planning and Construction Cluster		\$ 4,225,264
Highway Safety Cluster		
State and Community Highway Safety	20.600	\$ 1,005,457
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	151,098
Occupant Protection	20.602	49,207
Total Highway Safety Cluster		\$ 1,205,762
Aging Cluster		
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive	93.044	\$ 3,579,341
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	4,599,266
Nutritional Services Incentive Program	93.053	981,944
Total Aging Cluster		\$ 9,160,551
CCDF Cluster		
Child Care Mandatory and Matching Funds of the Child Care and Dev.	93.596	\$ 28,053
Total CCDF Cluster		\$ 28,053
Grand Total of Cluster Federal Awards		\$ 95,371,282

CITY OF HOUSTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

I. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the basic financial statements expressed an unmodified opinion.
2. Significant deficiencies in internal control over financial reporting were identified, but were not considered to be material weaknesses.
3. No instances of noncompliance considered material to the basic financial statements were disclosed in the audit.
4. Significant deficiencies in internal control over compliance with requirements applicable to federal and state award programs were identified, none of which were considered to be a material weakness.
5. The independent auditors' report on compliance with requirements applicable to major federal and state award programs expressed an unmodified opinion for all major programs.
6. The audit disclosed findings required to be reported by OMB Circular A-133 and UGMS.
7. The City's major programs were:

Name of Major Federal/State Program	CFDA Number
Women Infant and Children Supplemental Feeding	10.557
Community Development Block Grant (a)	14.218
Community Development Block Grant — ARRA (a)	ARRA14.253
HOME Investment Partnership Program	14.239
Public Safety Partnership and Community Policing Grant	16.710
Justice Assistance Grant	16.738/16.804
Aging Cluster	93.044/93.045/93.053
Immunization	93.268
HIV Prevention Activities	93.940
High Intensity Drug Trafficking Areas	99.000
Disaster Grants — Public Assistance	97.036
Homeland Security Grant Program	97.067
Broadband Technology Opportunities Program — ARRA	ARRA11.557
Energy Efficiency and Conservation Block Grant — ARRA	ARRA81.128
Capitalization Grants for Clean Water State Revolving Funds	66.458
Emancipation Park	State
HACTF	State
Sam Houston Park	State
State Assets Forfeiture	State
State Nutrition Aging – State General Revenue	State

(a) Treated as a cluster of programs

8. For federal awards and state awards, a dollar threshold of \$3,000,000 and \$389,890, respectively, was used to distinguish between Type A and Type B programs, as defined in OMB Circular A-133 and UGMS.
9. The City did not qualify as a low-risk auditee, as defined in OMB Circular A-133, or as defined by the Texas UGMS, for the Federal and State Single Audit, respectively.

II. FINANCIAL STATEMENT FINDINGS SECTION

Significant Deficiency in Internal Control — Finding 2013-001 (previously reported as 2012-1): Financial Reporting Process

Condition and Criteria — While there was significant improvement in the City's financial reporting process in the current year, the City should enhance this process by requiring responsible financial reporting personnel, at the department level, to perform analytical reviews of financial results on a periodic basis, and also review and approve material journal entries that affect their respective departmental financial results.

Cause — Nonperformance of analytical reviews of financial information and the processing of material journal entries without appropriate high level management approval, increases the risk that the City's financial statements could contain material misstatements.

Effect or Potential Effect — Performing periodic analytical reviews of financial results as well as reviewing and approving material journal entries at a department level, should enhance the City's ability to identify and correct potential misstatements in the City's financial statements.

Recommendation — Due to the City's diverse operations, there is a need to perform high level analytical reviews at a department level, where the departmental management has a clearer picture of the financial results of the respective department. In addition, the review and approval of material journal entries at a high level of management within a department should mitigate the risk that a material misstatement to the financial statements could occur.

Views of Responsible Officials — Management does not disagree with this finding.

Corrective Action Plan — On May 10, 2013, the Finance Department and Controller's Office issued a policy memo indicating the guidance on analysis and timely posting of departmental journal entries. Key points included the following requirements: 1) posting entries within 5 business days of occurrence and/or period end whichever is earlier; 2) departmental reviews on a monthly, quarterly and yearly basis to ensure all material entries are recorded prior to the period close; 3) establishment of a \$50,000 threshold of entries for review; and 4) defining of unusual transactions as those based on timing, size or nature of transaction. In addition, any unusual transactions will be reviewed by Finance and Controller's Office as they occur. Due to the timing of the issuance of the prior year single audit report and policy memo, procedures were not implemented until late in the year. Beginning for fiscal year 2014, finance personnel at the department level will be required to perform high-level analytical reviews prior to finalization of the draft trial balance for year-end.

Estimated Completion Date — April 1, 2014

City Contact Person — Arif Rasheed and Carl Medley

Significant Deficiency in Internal Control — Finding 2013-002: Security Policies and Procedures

Condition — During the course of our audit procedures for the City of Houston, we identified several IT security deficiencies. Although no single deficiency individually constituted a significant deficiency, when viewed in the aggregate they constitute a significant deficiency over the IT environment. These IT observations were noted across various departments and did not meet information security good practices.

Criteria — Information security software tools and techniques are used to restrict access to application systems, databases, network and communication software, and systems software so that only properly authorized changes and transactions are recorded.

Examples of items noted and reported to IT management include:

- Some password parameters did not meet recommended industry security standards or were not in compliance with the current “City of Houston Password Policy” including; the Public Works (PWE) Operating system; the Municipal Courts District (MCD) Database and Application; the Houston Airport System (HAS) Application and Database; and the Houston IT Services (HITS) Kronos application and SAP Database.
- Some user accounts contained inappropriate privileged access to the network and/or databases at HAS, PWE and MCD.
- MCD and HAS had not performed a user access review for their applications to certify individual access to applications and systems remains applicable.
- There were terminated employee’s User IDs with active access to applications at HITS, PWE, and HAS.
- There is no periodic review of data center access to ascertain that access remains applicable for the HITS, PWE, HAS, and MCD. As such, we noted several employees with inappropriate access.

Cause — Inadequate policies and procedures and / or inadequate implementation of existing policies and procedures.

Effect or Potential Effect — Lack of sufficient security controls and procedures could result in unauthorized access and/or modification to the applications and underlying data. Management has taken steps to remediate certain findings subsequent to the period subject to our audit procedures.

Recommendation — We recommend management develop and implement policies and procedures, or reinforce existing policies and procedures to address the above deficiencies, as well as monitor the compliance with these policies and procedures. Additionally, management should consider additional training for relevant personnel to improve compliance with IT security policies and procedures; additional oversight responsibilities could also be considered to monitor compliance.

Views of Responsible Officials — Management does not disagree with this finding.

Corrective Action Plan — In October 2012, the City of Houston hired a Chief Information Security Officer (CISO), to establish a Citywide Information Technology Security Framework. Since coming on board, he has established the following:

- EO — 1-48 IT Security Policy
- AP — Appropriate Use Desktop/laptop/mobile devices and other IT resources (Final Draft)
- AP — Information Technology Security Program (Final Draft)

The Executive Order and Administrative Procedures will establish policies and procedures to implement IT security controls and IT security tools for COH. Additionally, these policies and procedures will define an Assessment and Authorization program and a continuous monitoring process for all COH IT systems. The Administrative Procedure is expected to be executed in March 2014.

Each COH department reflected in the Information Technology finding for FY13 have been addressed with the exception of Municipal Courts which is to be completed in September 2014.

Estimated Completion Date — December 31, 2014

City Contact Person — Charles Thompson

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

Program	Finding/Noncompliance	Questioned Cost
Energy Efficiency and Conservation Block Grant (EECBG) — CFDA #81.128	Significant Deficiency Control Finding	
	2013-003: Allowable Costs/Cost Principles	
	<p>Condition — During fiscal year 2012, the U.S. Department of Energy (DoE) performed an audit of the EECBG program for fiscal year 2011 program activity. During the audit, the DoE identified \$455,156 worth of costs that were not permissible under the grant agreement and did not reimburse the City for the items. The City then recorded an entry to move the costs from the grant fund to the capital projects fund. During fiscal year 2013, it became apparent that the correcting entry to move the expense across funds was erroneously recorded as an expenditure recovery (revenue) item rather than an expense in the proper funds. The recovery entry was reversed, but the expenditures remained in the grant fund rather than the capital projects fund until the issue was re-identified during the fiscal year 2013 external audit.</p> <p>Criteria — In accordance with OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> (OMB A-133), all costs must be appropriately identified and allocated to the proper grants in the proper periods to ensure accurate expenditure reporting on the Schedule of Expenditures of Federal Awards (“SEFA”).</p> <p>Cause/Context — Lack of controls in place to ensure errors are properly corrected.</p> <p>Effect — The fiscal year 2011 SEFA was overstated by \$455,156. The 2012 SEFA was understated by the same amount due to the correction. The 2013 SEFA would have been overstated had the issue not been identified under audit but was ultimately corrected.</p> <p>Recommendation — The City should review current policies to determine if additional review processes for grant related expenditures should be included. The General Services Department should thoroughly monitor all grant expenditures to ensure they meet the allowability requirement.</p> <p>Views of Responsible Officials — Management does not disagree with this finding.</p> <p>Corrective Action Plan of Management — General Services works closely with Geo Technology Research Institute (GTRI) to manage, monitor and provide input on reporting the EECBG grant quarterly activities. After DoE identified the audit finding, an agreement with GTRI and the COH concluded that an adjusting entry would be acceptable to correct the reporting allocation in</p>	\$455,156

Program

Finding/Noncompliance

**Questioned
Cost**

accordance with the grant guidelines. To ensure proper reporting within the SEFA, a meeting was held with the Controller’s Office and the previous Deloitte & Touche audit team who provided advice on appropriate correcting entries in the COH financial system. The correcting entries were not made until identified by the Auditor in the FY 2013 audit.

Estimated Completion Date — Completed.

City Contact Person — Ja’nice Sparks

Program	Finding/Noncompliance	Questioned Cost
Emancipation Park — State Grant	Compliance and Significant Deficiency Control Finding	
	2013-004: Reporting	
	Condition — The City did not comply with reporting requirements required by the grant.	N/A
	<i>Timely Submission</i> — Three of the four quarterly status reports were not submitted within the required time frame.	
	<i>Documentation of Review</i> — There was no evidence of review of the quarterly status reports submitted during the year.	
	<i>Timely Reimbursement</i> — The City did not seek reimbursement during the year for any of the properties purchased with Emancipation Park grant funds.	
	Criteria — In accordance with the State of Texas, Uniform Grant Management Standards (UGMS) all reports must be filed appropriately and by the date required in the grant agreement.	
	In accordance with the State of Texas, Uniform Grant Management Standards a recipient of federal or state awards should follow all terms of the contract, including, but not limited to, reimbursement requirements for grant expenditures.	
	Cause/Context — Lack of controls in place to ensure reports are properly reviewed and submitted timely and lack of controls in place to ensure reimbursement is requested within the required timeframe outlined in the grant agreement (within 90 days) and properly reviewed prior to submission.	
	Effect — The City is not in compliance with the requirements set forth in the grant agreement and UGMS.	
	Recommendation — The City should review current policies and the grant agreement reporting requirements. The Houston Parks and Recreation Department (HPARD) should be aware of the reporting requirements and filing deadlines set forth in the grant agreement. In addition, the City should create a reporting process which includes a control that provides evidence of review by someone other than the preparer of the report.	
	HPARD should be aware of the reimbursement requirements and deadlines set forth in the grant agreement. HPARD should make an effort to reduce the time between payment for grant activity and reimbursement requests to ensure timely reimbursement for grant funds and compliance with grant requirements.	
	Views of Responsible Officials — Management does not disagree with this finding.	

Program

Finding/Noncompliance

**Questioned
Cost**

Corrective Action Plan of Management — The Houston Parks and Recreation Department (HPARD) will prepare and maintain a schedule of reporting requirements and review procedures for each grant. Further HPARD will maintain a checklist to ensure effective internal controls. These tools will be communicated to staff to ensure that all appropriate personnel have a proper understanding of the policies and procedures pertaining to expenditures, reimbursements and reporting requirements.

Estimated Completion Date — March 31, 2014.

City Contact Person — Cheryl D. Johnson

Program	Finding/Noncompliance	Questioned Cost
<p>Sam Houston Park — State Grant</p>	<p>Compliance and Significant Deficiency Control Finding 2013-005: Davis Bacon Act</p>	<p>N/A</p>
	<p>Condition — Two of 25 selected certified payroll submissions had not been submitted by the contractor. The files were unavailable for our review because they had not been submitted to the City.</p> <p>Criteria — The Davis Bacon Act requires that certified payroll information be submitted on a weekly basis. This documentation should be reviewed for compliance and maintained by the City.</p> <p>Cause/Context — Lack of controls in place to ensure subcontractors are submitting payroll certifications on time.</p> <p>Effect — The City is not in compliance with the requirements set forth in the grant agreement and the Davis-Bacon compliance requirement.</p> <p>Recommendation — The Office of Business Opportunity (OBO) should review current policies and the Davis-Bacon compliance requirement. OBO should implement a process that promotes communication between the department and the contractor and identifies missing or untimely certified payroll submissions.</p> <p>Views of Responsible Officials — Management does not disagree with this finding.</p> <p>Corrective Action Plan of Management — All projects now require certified payrolls be submitted electronically through Office of Business Opportunity (OBO) payroll portal. This portal allows the contractor to submit the payroll to our office electronically and tracks the dates submitted and notes discrepancies in order deal with inaccuracies. This mandatory language has been inserted into construction contracts.</p> <p>Estimated Completion Date — March 31, 2014.</p> <p>City Contact Person — Morris M. Scott, Office of Business Opportunity</p>	

IV. STATUS OF PRIOR-YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
<p>Community Development Block Grant (CDBG) — CFDA #14.218, ARRA #14.253</p> <p>Housing Opportunities for Persons With AIDS (HOPWA) — CFDA #14.241</p>	<p>2012-1: See 2013-001</p> <p>Compliance and Significant Deficiency Control Finding</p> <p>2012-2: Allowable Costs/Cost Principles</p> <p>Finding —</p> <p><i>CDBG:</i> During 2008, the City expended the entire budget of the grant. Expenditures were charged to the grant through 2012, until the City secured non-grant funding for the projects. The City did not seek reimbursement for any of the overspent expenditures, but they were included in the Statement of Expenditures of Federal Awards (SEFA) when incurred.</p> <p><i>HOPWA:</i> In testing grant fund expenditures, two items in the sample selected for testing related to the reimbursement of subrecipient expenditures for the HOPWA grant. Expenditures were incurred in fiscal year 2011, but not processed by financial services until fiscal year 2012 where they were then charged to the SEFA. This indicates the fiscal year 2012 SEFA is overstated for this grant but has subsequently been adjusted.</p> <p>Recommendation — The City should review current policies and OMB A-133 guidance. The housing and community development department should thoroughly track budgeted versus actual expenditures, and secure additional funding ahead of time, if required, to prevent any future overspending of grant funds.</p> <p>Status — CDBG and HOPWA: In April 2013, the HOPWA Program Manual was signed and distributed to staff, vendors, and made available online, http://www.houstontx.gov/housing/hopwamannual.pdf. Reimbursement Policies require Relationship Manager/Program Manager submit a reimbursement request within fifteen (15) working days of the date submitted to the Department. Additionally, new staff was brought on in August 2013, specifically to work on reimbursement requests. Finally, the City of Houston received approval from City Council under Ordinance 2001-1142 to cover all costs associated with administering Housing programs. Housing and Community Development Department has a dedicated staff analyst that is responsible for Federal Subaward Reporting System timely reporting. In addition, a checklist has been implemented to ensure timely Federal Funding Accountability and Transparency Act reporting is maintained. Staff is responsible for logging information into FSRS on a quarterly basis. The City received communication from HUD that the finding was closed.</p>	<p>\$1,827,123 (CDBG)</p> <p>\$39,033 (HOPWA)</p>

Program	Finding/Noncompliance	Questioned Cost
Compliance and Significant Deficiency Control Finding		
2012-3: Reporting		
Community Development Block Grant (CDBG) — CFDA #14.218, ARRA #14.253	<p>Finding — The City did not meet the Transparency Act reporting requirement for one federal award selected for testing. Information for the grant had not yet been entered into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Prime recipients are required to report subawards by the end of the month following the month the subaward is obligated.</p> <p>Recommendation — The City should re-evaluate its reporting procedures and implement new controls to ensure all reports are filed in accordance with the grant requirements and OMB A-133.</p> <p>Status — The Housing and Community Development Department has a dedicated staff analyst that is responsible for Federal Funding Accountability and Transparency Act timely reporting. In addition, a checklist has been implemented to ensure timely reporting is maintained. Staff is responsible for logging information into the Federal Subaward Reporting System on a quarterly basis. The City received communication from HUD that the finding was closed.</p>	N/A

Program	Finding/Noncompliance	Questioned Cost
State Energy Program — CFDA #81.041	Compliance and Significant Deficiency Control Finding 2012-4: Equipment & Real Property Management	N/A
	<p>Finding — In testing the Equipment & Real Property Management compliance requirement of the State Energy Program, it was determined that one Purchase Orders (“PO”) selected for testing was not capitalized appropriately. The PO, dated 9/15/2011 was originally entered as a service order. As a result, no capitalization of the equipment (solar generators) received was possible at the time. The misclassification was not identified until the equipment was selected for audit testing. The City has since corrected this error, and has appropriately capitalized the generators as of June 30, 2012.</p> <p>Recommendation — The City should re-evaluate its procedures regarding identifying and entering purchase orders and capitalizing equipment. Equipment purchased using grant funds should be tracked appropriately.</p> <p>Status — On February 22, 2013, the General Services Department (GSD) completed an informal procurement process and selected Access Data Supply, Inc. (ADSI) to create and/or re-write the current financial standard operating procedures (SOP), and review the initiatives and policies for improved efficiencies within the divisions and across City departments. A Desk Manual was completed and is now being used to cross-train current staff for capital projects, fixed asset capitalization and creation of purchase orders for all types of transactions. In February 2014 GSD plans to expand the SOPs to highlight specifics and examples of equipment purchases providing detail guidelines to ensure compliance with proper accounting policies.</p>	

Program	Finding/Noncompliance	Questioned Cost
Energy Efficiency and Conservation Block Grant (EECBG) — CFDA #81.128	Compliance and Significant Deficiency Control Finding 2012-5: Subrecipient Monitoring	N/A
	<p>Finding — In testing the internal controls related to this program, we noted an overall weak control environment and understanding of the OMB A-133 requirements. Two of the four contracts reviewed between the City and entities designated as subrecipients receiving federal awards did not have sufficient language to ensure the City was fulfilling all responsibilities as a pass-through entity under OMB A- 133.</p> <p>Recommendation — The City should review current policies and OMB A-133 guidance. The department should be aware of the requirements for subrecipients that receive federal or state awards, the distinction between subrecipients and vendors, and the knowledge to structure contracts that support the designation of a subrecipient.</p> <p>Status — On April 17, 2012, the City terminated contracts with all builders under the Five-Star Program. The Houston Advanced Research Center (HARC) entered into new contracts with these builders. The City’s only open EECBG funded contract at this time is with HARC, who was classified and approved as a subrecipient.</p>	