

**CITY OF HOUSTON, TEXAS**

**SINGLE AUDIT REPORT**

**For the year ended June 30, 2014**



**McCONNELL & JONES LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

 **BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HOUSTON, TEXAS**

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**Independent Auditors' 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, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Houston, Texas (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2014.

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 the 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, and Lamar Terrace Public Improvement District), which represent 8.0%, 11.0% and 8.5%, respectively, of the assets, net position, and revenues of the governmental activities or any business-type discretely presented component units which represents 2.5%, 17.3% and 12.2%, respectively, of the assets, net position, and revenues of the business-type activities. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.



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 charge with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned cost as item 2014-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that were reported to management of the City in a separate letter dated November 21, 2014.

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

The City's response to the 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 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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.





November 21, 2014  
Houston, Texas



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**Independent Auditor's Report on Compliance for Each Major  
Federal and State Program and Report on Internal Control  
over Compliance Required by OMB Circular A-133 and  
the State of Texas Uniform Grant Management Standards**

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

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

We have audited the City of Houston, Texas (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* ("UGMS") 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, 2014. 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.

**Auditors' 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 UGMS. Those standards, OMB Circular A-133 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 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, 2014.



## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and UGMS and which are described in the accompanying schedule of findings and questioned costs as item 2014-002. 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 and state 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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-002 that we consider to be a significant deficiency.



The City's response to the internal control over compliance 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 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 and UGMS. 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Houston, Texas, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements. Our report on those financial statements is dated November 21, 2014. 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. The City's basic financial statements include the operations of the aggregate discretely presented component units which are not included in the schedule during the year ended June 30, 2014. Our audit did not include the operations of the aggregate discretely presented component units because the entities engaged other auditors to perform their respective audits. 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.

December 22, 2014  
Houston, Texas

*McConnell & Sons LLP*

*Bauer, Finley, White & Co.*

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
<b>Office of National Drug Control Policy</b>			
<b>Direct Awards</b>			
Office of National Drug Control Policy	7.000	G10HN0001A	\$ 10,758
<b>Total Office of National Drug Control Policy</b>			<b>\$ 10,758</b>
<b>Executive Office of the President</b>			
<b>Direct Awards</b>			
<i>High Intensity Drug Trafficking Areas Program</i>			
High Intensity Drug Trafficking Areas Program	95.001	G11HN0001A	\$ (145)
High Intensity Drug Trafficking Areas Program	95.001	G11HN0001A	174
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	(7,316)
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	766
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	3,537
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	16,203
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	37,694
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	62,955
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	64,534
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	80,509
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	16,116
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	316,531
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	155,494
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	164,756
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	230,490
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	468,533
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	787,093
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	929,121
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	1,495
<b>Total High Intensity Drug Trafficking Areas Program</b>			<b>3,328,540</b>
<b>Total Executive Office of the President</b>			<b>\$ 3,328,540</b>
<b>U.S. Department of Agriculture Food and Nutrition Service</b>			
<b>Pass-Through Awards</b>			
<i>Texas Department of State Health Service</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-039983	\$ (3,110)
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2013-042768	2,692,913
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2014-045059	7,617,716
<b>Total Texas Department of State Health Service</b>			<b>10,307,519</b>
<i>Texas Department of Agriculture Food and Nutrition Service</i>			
Child and Adult Care Food Program	10.558	CE ID 01525	5,568
Child and Adult Care Food Program	10.558	CE ID 01525	1,065,746
Summer Food Service Program for Children	10.559	CE ID 01525	847,683
Summer Food Service Program for Children	10.559	CE ID 01525	1,479,827
<b>Total Texas Department of Agriculture Food and Nutrition Service</b>			<b>3,398,824</b>
<b>Total Pass-Through Awards</b>			<b>\$ 13,706,343</b>
<b>Total U.S. Department of Agriculture Food and Nutrition Service</b>			<b>\$ 13,706,343</b>

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Direct Awards</b>			
<i>Office of Community Planning and Development</i>			
Community Development Block Grants/Entitlement Grants	14.218	B00MC480018	\$ 4,140
Community Development Block Grants/Entitlement Grants	14.218	B02MC480018	30,761
Community Development Block Grants/Entitlement Grants	14.218	B04MC480018	79,674
Community Development Block Grants/Entitlement Grants	14.218	B06MC480018	2,590
Community Development Block Grants/Entitlement Grants	14.218	B07MC480018	365,445
Community Development Block Grants/Entitlement Grants	14.218	B08MC480018	(5,214)
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	712
Community Development Block Grants/Entitlement Grants	14.218	B09MC480018	231,291
Community Development Block Grants/Entitlement Grants	14.218	B10MC480018	602,622
Community Development Block Grants/Entitlement Grants	14.218	B11MC480018	1,075,507
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	1,039,047
Community Development Block Grants/Entitlement Grants	14.218	B12MC480018	1,698,737
Community Development Block Grants/Entitlement Grants	14.218	B13MC480018	12,277,253
<b>Total Community Development Block Grant</b>			<b>17,402,565</b>
<i>Emergency Solutions Grant Program</i>			
Emergency Solutions Grant Program	14.231	E11MC480002	498,188
Emergency Solutions Grant Program	14.231	E12MC480002	1,963,117
Emergency Solutions Grant Program	14.231	E13MC480002	560,697
<b>Total Emergency Solutions Grant Program</b>			<b>3,022,002</b>
<i>Home Investment Partnerships Program</i>			
Home Investment Partnerships Program	14.239	M00MC480206	122,486
Home Investment Partnerships Program	14.239	M01MC480206	526,122
Home Investment Partnerships Program	14.239	M03MC480206	413,161
Home Investment Partnerships Program	14.239	M04MC480206	15,008
Home Investment Partnerships Program	14.239	M05MC480206	470,216
Home Investment Partnerships Program	14.239	M06MC480206	334,954
Home Investment Partnerships Program	14.239	M07MC480206	116,950
Home Investment Partnerships Program	14.239	M08MC480206	869,424
Home Investment Partnerships Program	14.239	M09MC480206	548,133
Home Investment Partnerships Program	14.239	M10MC480206	(95,867)
Home Investment Partnerships Program	14.239	M11MC480206	4,390,921
Home Investment Partnerships Program	14.239	M12MC480206	640,547
Home Investment Partnerships Program	14.239	M13MC480206	1,415,919
Home Investment Partnerships Program	14.239	M94MC480206	618,191
Home Investment Partnerships Program	14.239	M95MC480206	5,725
Home Investment Partnerships Program	14.239	M96MC480206	1,000
Home Investment Partnerships Program	14.239	M97MC480206	12,338
Home Investment Partnerships Program	14.239	M99MC480206	671
<b>Total Home Investment Partnerships Program</b>			<b>10,405,899</b>
<i>Housing Opportunities for Persons with AIDS</i>			
Housing Opportunities for Persons with AIDS	14.241	TX21H02-F003	40
Housing Opportunities for Persons with AIDS	14.241	TX21H05-F003	41,893
Housing Opportunities for Persons with AIDS	14.241	TX21H06-F003	13,284
Housing Opportunities for Persons with AIDS	14.241	TX21H07-F003	15,000
Housing Opportunities for Persons with AIDS	14.241	TX-H08-F004	78,148
Housing Opportunities for Persons with AIDS	14.241	TXH09F003	220,098
Housing Opportunities for Persons with AIDS	14.241	TXH10F003	353,079
Housing Opportunities for Persons with AIDS	14.241	TXH11F003	762,248
Housing Opportunities for Persons with AIDS	14.241	TXH12F003	5,166,528
Housing Opportunities for Persons with AIDS	14.241	TXH13F003	1,578,861
<b>Total Housing Opportunities for Persons with AIDS</b>			<b>8,229,179</b>
<i>CDBG/Brownfield Economic Development Initiative</i>			
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	E95EZ480006	5,550,000
<b>Total CDBG/Brownfield Economic Development Initiative</b>			<b>5,550,000</b>
<i>Economic Development Initiative-Special Project</i>			
Economic Development Initiative-Special Project	14.251	B-09-SP-TX-0128	4,675
<b>Total Economic Development Initiative-Special Project</b>			<b>4,675</b>

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Lead-Based Paint Hazard Control in Privately-Owned Housing</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TXLHB0459-09	(4,177)
<b>Total Lead-Based Paint Hazard Control in Privately Owned Housing</b>			<b>(4,177)</b>
<i>Lead Hazard Reduction Demonstration Grant Program</i>			
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0202-09	2,338
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0231-11	871,795
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0260-13	304,292
<b>Total Lead Hazard Reduction Demonstration Grant Program</b>			<b>1,178,425</b>
<b>Total Direct Awards</b>			<b>\$ 45,788,568</b>
<b>Pass-Through Awards</b>			
<i>Texas Department Of Housing and Community Affair</i>			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	70090001	\$ 1,723,929
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	B-06-DG-48-0002	(333)
<b>Total Texas Department of Housing and Community Affair</b>			<b>1,723,596</b>
<i>Texas General Land Office</i>			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	702,873
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	134,491
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	834,546
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	14-236-000-8329	2,476
<b>Total Texas General Land Office</b>			<b>1,674,386</b>
<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	692,743
<b>Total Texas Department of Rural Affairs</b>			<b>692,743</b>
<b>Total Pass-Through Awards</b>			<b>\$ 4,090,725</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 49,879,293</b>
<b>U.S. Department of the Interior National Park Services</b>			
<i>Texas Parks and Wildlife Department</i>			
Outdoor Recreation_Acquisition, Development and Planning □	15.916	48-001129	220,000
<b>Total Texas Parks and Wildlife Department</b>			<b>220,000</b>
<b>Total U.S. Department of the Interior National Park Services</b>			<b>\$ 220,000</b>
<b>U.S. Department of Justice</b>			
<b>Direct Awards</b>			
<b>Shared Forfeiture Property- Justice</b>	16.000		<b>\$ 2,180,408</b>
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Missing Children's Assistance	16.543	2012-MC-FX-K053	409,338
<b>Total Office of Juvenile Justice and Delinquency Prevention</b>			<b>409,338</b>
<i>National Institute of Justice</i>			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2011-DN-BX-0002	409,426
DNA Backlog Reduction Program	16.741	2010-DN-BX-K112	116,131
DNA Backlog Reduction Program	16.741	2011-DN-BX-K427	1,354,184
DNA Backlog Reduction Program	16.741	2012-DN-BX-0068	877,383
DNA Backlog Reduction Program	16.741	2013-DN-BX-0067	490,834
<b>Total National Institute of Justice</b>			<b>3,247,958</b>

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Crime Laboratory Improvement Combined Offender</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2008-DD-BX-0471	<u>52</u>
<b>Total Crime Laboratory Improvement Combined Offender</b>			<b><u>52</u></b>
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0537	600,000
Public Safety Partnership and Community Policing Grants	16.710	2010ULWX0026	3,538,676
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0536	1,000,000
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0028	<u>1,469,527</u>
<b>Total Office of Community Oriented Policing Services</b>			<b><u>6,608,203</u></b>
<i>Bureau of Justice Assistance</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX0119	(2,142)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1032	970,799
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3222	1,463,801
Economic High-Tech and Cyber Crime Prevention	16.752	2013-ZP-BX-0006	<u>95,510</u>
<b>Total Bureau of Justice Assistance</b>			<b><u>2,527,968</u></b>
<b>Total Direct Awards</b>			<b><u>\$ 14,973,927</u></b>
<b>Pass-Through Awards</b>			
<i>State of Texas - Governor's Office Criminal Justice Division</i>			
Juvenile Accountability Block Grants	16.523	JB-10-J20-13322-14	\$ (19,358)
Juvenile Accountability Block Grants	16.523	JB-11-J20-13322-15	74,555
Crime Victim Assistance	16.575	VA-10-V30-13592-13	720
Crime Victim Assistance	16.575	VA-12-V30-13592-14	34,826
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DH-06-A10-18445-01	925
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25810-01	11,162
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25810-02	45,109
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25886-01	22,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25886-02	52,391
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-26445-01	12,924
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-26679-01	<u>57,878</u>
<b>Total State of Texas - Governor's Office Criminal Justice Division</b>			<b><u>293,814</u></b>
<i>Sam Houston State University</i>			
Project Safe Neighborhoods	16.609	22055C	6,375
Project Safe Neighborhoods	16.609	321-20-C52C	2,999
Project Safe Neighborhoods	16.609	321-20-C52K	(385)
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CD-12-A10-17319-09	8,294
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CD-13-A10-17319-10	<u>81,895</u>
<b>Total Sam Houston State University</b>			<b><u>99,178</u></b>
<b>Total Pass-Through Awards</b>			<b><u>\$ 392,992</u></b>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 15,366,919</u></b>
<b>U.S. Department of Transportation</b>			
<b>Direct Awards</b>			
<i>Federal Aviation Administration</i>			
Airport Improvement Program	20.106	3-48-0111-081	\$ 1,222,517
Airport Improvement Program	20.106	3-48-0111-091	272,505
Airport Improvement Program	20.106	3-48-0111-98	9,880,000
Airport Improvement Program	20.106	3-48-0111-99	13,841,014
Airport Improvement Program	20.106	3-48-0111-96-2013	<u>13,062,533</u>
<b>Total Federal Aviation Administration</b>			<b><u>38,278,569</u></b>
<i>Federal Highway Administration</i>			
Highway Planning and Construction	20.205	TCSE010-Q680	22,798
Highway Planning and Construction	20.205	TCSP2001(001)	<u>550,129</u>
<b>Total Federal Highway Administration</b>			<b><u>572,927</u></b>
<i>Federal Railroad Administration</i>			
Rail Line Relocation and Improvement	20.320	2012-0474	<u>20,489</u>
<b>Total Federal Railroad Administration</b>			<b><u>20,489</u></b>

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Federal Transit Administration</i>			
Alternative Analysis	20.522	TX-39-0006-00	401,442
<b>Total Federal Transit Administration</b>			<b>401,442</b>
<i>Office of the Secretary (OST) Administration Secretariate</i>			
National Infrastructure Investments	20.933	DTFH61-13-G-00004	1,473,148
<b>Total Office of the Secretary (OST) Administration Secretariate</b>			<b>1,473,148</b>
<i>Federal Motor Carrier Safety Administration</i>			
National Motor Carrier Safety	20.218	FM-MHP-0080-12	201,099
National Motor Carrier Safety	20.218	FM-MHP-0129-13-01	329,815
<b>Total Federal Motor Carrier Safety Administration</b>			<b>530,914</b>
<b>Total Direct Awards</b>			<b>\$ 41,277,489</b>
<b>Pass-Through Awards</b>			
<i>State of Texas - Department of Transportation</i>			
Highway Planning and Construction	20.205	0912-70-064	\$ 368,216
Highway Planning and Construction	20.205	0912-72-195	1,380,834
Highway Planning and Construction	20.205	0912-72-004	1,681,711
Highway Planning and Construction	20.205	0912-70-065	4,616,949
Highway Planning and Construction	20.205	CSJ 0912-00-447	1,028,926
Highway Planning and Construction	20.205	CSJ 0912-70-078	48,650
Highway Planning and Construction	20.205	CSJ 0912-72-197	52,647
State and Community Highway Safety	20.600	583EGF6023	203,388
State and Community Highway Safety	20.600	584EGF6310	50,132
State and Community Highway Safety	20.600	583EGF6024	71,630
State and Community Highway Safety	20.600	584EGF6019	229,819
State and Community Highway Safety	20.600	FC74433	(62,162)
State and Community Highway Safety	20.600	584EGF6018	542,658
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2014-HOUSTONPD-IDM-0012	66,408
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2013-HOUSTONPD-IDM-00002	88,258
Occupant Protection Incentive Grants	20.602	2012-HOUSTONPD-CIOT00025	(149)
<b>Total State of Texas Department of Transportation</b>			<b>10,367,915</b>
<b>Total Pass-Through Awards</b>			<b>\$ 10,367,915</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 51,645,404</b>
<b>U.S. Department of Treasury</b>			
<i>Shared Forfeiture Property - Treasury</i>	21.000		\$ 1,006,336
<b>Total U.S. Department of Treasury</b>			<b>\$ 1,006,336</b>
<b>National Aeronautics and Space Administration</b>			
<b>Pass-Through Awards</b>			
University Corporation for Atmospheric Research Science	43.001	Z11-87947	\$ 188
<b>Total National Aeronautics and Space Administration</b>			<b>\$ 188</b>
<b>U.S. Institute of Museum and Library Services</b>			
<b>Pass-Through Awards</b>			
<i>Texas State Library and Archive Commission</i>			
Grants to States	45.310	470-10014	\$ (3,300.00)
Grants to States	45.310	470-11032	62
Grants to States	45.310	771-11040	20
<b>Total Texas State Library and Archive Commission</b>			<b>(3,218)</b>
<i>Institute of Museum and Library Services</i>			
National Leadership Grants	45.312	LG-30-12-0685-12	97,000
<b>Total Institute of Museum and Library Services</b>			<b>97,000</b>
<b>Total U.S. Institute of Museum and Library Services</b>			<b>\$ 93,782</b>

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>U. S. Environmental Protection Agency</b>			
<b>Direct Awards</b>			
<i>Office of Air and Radiation</i>			
Climate Showcase Communities Grant Program	66.041	AF83453001-0	\$ (3)
<b>Total Office of Air and Radiation</b>			<b>(3)</b>
<i>Office of Chemical Safety and Pollution Prevention</i>			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-00F30801	41,599
<b>Total Office of Chemical Safety and Pollution Prevention</b>			<b>41,599</b>
<b>Total Direct Awards</b>			<b>\$ 41,596</b>
<b>Pass-Through Awards</b>			
<i>Department of Veterans Affairs</i>			
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034	USOC-74985	\$ 3,396
<b>Total Department of Veterans Affairs</b>			<b>3,396</b>
<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	79,516
Nonpoint Source Implementation Grants	66.460	582-10-90464	294,282
Performance Partnership Grants	66.605	582-12-10016	64,979
Performance Partnership Grants	66.605	582-12-40054	304,076
<b>Total Texas Commission on Environmental Quality</b>			<b>742,853</b>
<i>Texas Water Development Board</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	132500	563,076
Capitalization Grants for Clean Water State Revolving Funds	66.458	L100067	3,973,701
Capitalization Grants for Clean Water State Revolving Funds	66.458	L110062	21,061,635
Capitalization Grants for Clean Water State Revolving Funds	66.458	L120030	23,790,686
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000149	5,277,833
<b>Total Texas Water Development Board</b>			<b>54,666,931</b>
<b>Total Pass-Through Awards</b>			<b>\$ 55,413,180</b>
<b>Total U. S. Environmental Protection Agency</b>			<b>\$ 55,454,776</b>
<b>U.S. Department Of Health and Human Services</b>			
<b>Direct Awards</b>			
<i>Centers for Disease Control and Prevention</i>			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-32	\$ 887,889
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-33	788,418
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-01	684
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-02	79,745
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-03	187,100
Immunization Cooperative Agreements	93.268	CCH622532A	2,155,654
Immunization Cooperative Agreements	93.268	IP000734-01	1,778,493
Immunization Cooperative Agreements	93.268	IP000734-02	1,249,776
Immunization Cooperative Agreements	93.268	IP622532-10	1
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-01	(135)
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-02	65,779
National Public Health Improvement Initiative	93.292	CD001272-04	195,741
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	CD001272-03	112,890
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	1,188,654
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	25,371
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003278-01	(379)
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003626-01	14,640
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	DP003528-03	214,963

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
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	297,272
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	120
HIV Prevention Activities_Health Department Based	93.940	PS003255-04	159,690
HIV Prevention Activities_Health Department Based	93.940	PS003626-02	379,507
HIV Prevention Activities_Health Department Based	93.940	PS003672-01	29,622
HIV Prevention Activities_Health Department Based	93.940	PS003672-02	3,218,609
HIV Prevention Activities_Health Department Based	93.940	PS003672-03	3,400,032
HIV Prevention Activities_Health Department Based	93.940	PS023512-06	20
HIV Prevention Activities_Health Department Based	93.940	PS023512-	(162)
HIV Prevention Activities_Health Department Based	93.940	PS023512-07	1,876
HIV Prevention Activities_Health Department Based	93.940	UIBPS003255-03	227,552
HIV Demonstration, Research, Public and Professional Education Projects	93.941	PS001552-03	42,028
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	PS003212-02	2,633
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001020-05	8,562
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-03	(435)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-04	(24,536)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-05	530,985
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-06	32,422
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-01	619,112
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-02	519,129
<b>Total Centers for Disease Control and Prevention</b>			<b>18,389,322</b>
<i>National Institute of Health</i>			
Cancer Cause and Prevention Research	93.393	CA137802-02	20,353
<b>Total National Institute of Health</b>			<b>20,353</b>
<b>Total Direct Awards</b>			<b>\$ 18,409,675</b>
<b>Pass-Through Awards</b>			
<i>Texas Department of Aging and Disability Services</i>			
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2014-EAP-14	\$ 36,544
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2014-OAG-14	107,368
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2014-3D-14	60,693
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2013-3D-13	48,803
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-13	1,368,413
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-ADM-14	597,783
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-VISTA	2,194
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-13	630,640
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-AWLW-13	7,505
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-ADM-13	226,749
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2014-3C1-14	1,302,962
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2014-3C2-14	1,930,671
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2013-3C1-13	493,266
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2013-3C2-13	580,143
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	2013-ADRCDP-13	6,080
National Family Caregiver Support, Title III, Part E	93.052	2014-3E-14	819,099

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, 2014**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
National Family Caregiver Support, Title III, Part E	93.052	2013-3E-13	358,496
Nutritional Services Incentive Program	93.053	2014-NSIP-14	799,970
Nutritional Services Incentive Program	93.053	2013-NSIP-13	373,064
Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA2	13,475
Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA3	27,007
State Health Insurance Assistance Program	93.324	2015-CMS-17	23,318
Medical Assistance Program	93.778	2014CMS-MFP-14	41,026
Medical Assistance Program	93.778	ADRC-MFP-14	149,829
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2013-CMS-MFP-13	116,708
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2012-CMS-16	(1,824)
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2014-CMS-16	98,386
Money Follows the Person Rebalancing Demonstration	93.791	ADRC-SGR/ACL-14	64,585
Money Follows the Person Rebalancing Demonstration	93.791	2013-MFPD-13	2,473
Money Follows the Person Rebalancing Demonstration	93.791	2014-MFPD-14	10,904
<b>Total Texas Department of Aging and Disability Services</b>			<b>10,296,330</b>
<i>Texas Department of State Health Services</i>			
Public Health Emergency Preparedness	93.069	2014-045397	127,019
Public Health Emergency Preparedness	93.069	2014-001159	167,411
Public Health Emergency Preparedness	93.069	2014-001208	335,650
Public Health Emergency Preparedness	93.069	2011-038795	(1)
Public Health Emergency Preparedness	93.069	2011-038940	(497)
Public Health Emergency Preparedness	93.069	2011-038941	11,905
Public Health Emergency Preparedness	93.069	2014-001219	978,756
Public Health Emergency Preparedness	93.069	2013-041160-002	38,874
Public Health Emergency Preparedness	93.069	2013-041160-004	147,115
Public Health Emergency Preparedness	93.069	2013-041160-007	425,975
Environmental Public Health and Emergency Response	93.070	2012-040142	61,865
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	2013-041160-006	451,190
Hansen's Disease National Ambulatory Care Program	93.2014	2014-001077	83,169
Hansen's Disease National Ambulatory Care Program	93.2013	2013-041160-009	16,775
Immunization Cooperative Grants	93.268	2014-001078	1,120,267
Immunization Cooperative Grants	93.268	2013-041160-010	275,008
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	2012-110803	5,500
National Bioterrorism Hospital Preparedness Program	93.889	2014-001196	29,175
National Bioterrorism Hospital Preparedness Program	93.889	2013-041160-001	5,848
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2010-034551	156
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2011-037547	(1,250)
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2012-040465	(685)
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2013-041160-012	342,287
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2014-001348	1,355,718
Maternal and Child Health Services Block Grant to the States	93.994	2012-039475	(181)
Maternal and Child Health Services Block Grant to the States	93.994	12HSP0833	13,924
Maternal and Child Health Services Block Grant to the States	93.994	2014-044575	26,990
Maternal and Child Health Services Block Grant to the States	93.994	2014-001490	74,984
Maternal and Child Health Services Block Grant to the States	93.994	2014-044628	102,194
Maternal and Child Health Services Block Grant to the States	93.994	2013-041539	82,022
Maternal and Child Health Services Block Grant to the States	93.994	2013-042423	39,823
<b>Total Texas Department of State Health Services</b>			<b>6,316,986</b>
<i>Food and Drug Administration_Research</i>			
Institute of Food Technologists	93.103	Free-B-2014	3,399
<b>Total Food and Drug Administration_Research</b>			<b>3,399</b>
<i>Houston-Galveston Area Council</i>			
Social Services Block Grant	93.667	755.1-10	(12,187)
<b>Total Houston-Galveston Area Council</b>			<b>(12,187)</b>
<i>Women's Family Planning and Health Association</i>			
Family Planning_Services	93.217	WHFPT13	313,858
<b>Total Women's Family Planning and Health Association</b>			<b>313,858</b>

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

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Gulf Coast Workforce Board</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	06260C07FY14	14,255
<b>Total Gulf Coast Workforce Board</b>			<b>14,255</b>
<i>University of California UCLA Fielding School of Public Health</i>			
PPHF 2012: Racial and Ethnic Approaches to Community Health Program financed solely by 2012 Public Prevention and Health Funds	93.738	1916GRA237	54,918
<b>Total University of California UCLA Fielding School of Public Health</b>			<b>54,918</b>
<i>United Way of Tarrant County</i>			
PPHF 2013: Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Exchanges	93.750	CHIMES-14	837,776
<b>Total United Way of Tarrant County</b>			<b>837,776</b>
<i>Fred Hutchinson Cancer Research Center</i>			
Allergy, Immunology and Transplantation Research	93.855	750168	25,987
<b>Total Fred Hutchinson Cancer Research Center</b>			<b>25,987</b>
<i>Harris County Public Health Environment Services</i>			
HIV Emergency Relief Project Grants	93.914	11GEN1987-12GEN 1494	851
HIV Emergency Relief Project Grants	93.914	14GEN0070	81,181
HIV Emergency Relief Project Grants	93.914	13GEN0040	86,419
<b>Total Harris County Public Health Environment Services</b>			<b>168,451</b>
<b>Total Pass-Through Awards</b>			<b>\$ 18,019,773</b>
<b>Total U.S. Department Of Health and Human Services</b>			<b>\$ 36,429,448</b>
<b>Corporation for National and Community Service</b>			
Social Innovation Fund	94.019	11SIHDC001	\$ 113,763
<b>Total Corporation for National and Community Service</b>			<b>\$ 113,763</b>
<b>U.S. Department of Homeland Security</b>			
<b>Direct Awards</b>			
<i>Department of Homeland Security</i>			
Port Security Grant Program	97.056	EMW-2012-PU-00285-S01	\$ 460,876
Port Security Grant Program	97.056	EMW-2013-PU-00259-S01	138,210
<b>Total Department of Homeland Security</b>			<b>599,086</b>
<b>Total Direct Awards</b>			<b>\$ 599,086</b>
<b>Pass-Through Awards</b>			
<i>Texas Department of Public Safety</i>			
Hazard Mitigation Grant	97.039	FEMA-1780-DR-TX	\$ (8,250)
Emergency Management Performance Grants	97.042	13TX-EMPG-0357	202,234
Homeland Security Grant Program	97.067	10-SR 35000-01	260,068
Homeland Security Grant Program	97.067	10-SR 35000-01	(76,083)
Homeland Security Grant Program	97.067	11-SR 35000-08	8,225
Homeland Security Grant Program	97.067	11-SR 35000-02	11,864,937
Homeland Security Grant Program	97.067	12-SR 35000-01	4,764,091
Homeland Security Grant Program	97.067	13-SR 35000-01	49,962
Homeland Security Grant Program	97.067	13-SR 35000-02	1,265,636
Homeland Security Grant Program	97.067	13-SR 35000-05	13,213
Metropolitan Medical Response System	97.071	10-SR-35000-01	57,121
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	10-SR35000-01	1,690,815
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	11-SR35000-01	262,549
<b>Total Texas Department of Public Safety</b>			<b>20,354,518</b>
<i>Department of Justice</i>			
Homeland Security Grant Program	97.067	11-SR 35000-04	4,531
<b>Total Department of Justice</b>			<b>4,531</b>

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



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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Governor's Division of Emergency Management</i>			
Non-Profit Security Program	97.008	09-SR 35000-05	4,025
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	09-35000-01	3
<b>Total Governor's Division of Emergency Management</b>			<b><u>4,028</u></b>
<i>Texas Commission on Environmental Quality</i>			
Homeland Security Biowatch Program	97.091	582-10-86407	3,055
Homeland Security Biowatch Program	97.091	582-13-30019	697,494
<b>Total Texas Commission on Environmental Quality</b>			<b><u>700,549</u></b>
<i>Harris County</i>			
Port Security Grant Program	97.056	2008-GB-T8-K006	(411,949)
Port Security Grant Program	97.056	2009-PU-T9-K011	8,350,116
Port Security Grant Program	97.056	2010-PU-T0-K002	667,561
Port Security Grant Program	97.056	EMW-2011-PU-K00146	1,673,627
<b>Total Harris County</b>			<b><u>10,279,355</u></b>
<b>Total Pass-Through Awards</b>			<b><u>\$ 31,342,981</u></b>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 31,942,067</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL Non-ARRA AWARDS</b>			<b><u>\$ 259,197,617</u></b>
	<u>American Recovery and Reinvestment Act</u>	<u>ARRA</u>	
<b>U.S. Department of Commerce</b>			
<b>Pass-Through Awards</b>			
<i>Texas State Library and Archive Community</i>			
<b>Broadband Technology Opportunities Program</b>	11.557	461-11018	<b><u>\$ 353,697</u></b>
<b>Total U.S. Department of Commerce</b>			<b><u>\$ 353,697</u></b>
<b>U.S. Department of Energy</b>			
<b>Direct Awards</b>			
<i>Energy Efficiency and Conservation Block Grant Program (EECBG)</i>	81.128	DE-EE0000965	<u>\$ 1,626,382</u>
<b>Total U.S. Department of Energy</b>			<b><u>\$ 1,626,382</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL ARRA AWARDS</b>			<b><u>\$ 1,980,079</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 261,177,696</u></b>

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, 2014**

**STATE AWARDS**

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>Direct Award</b>		
<i>Office of the Governor Criminal Justice Division</i>		
Asset Forfeiture	NA	\$ 5,503,746
Gang Disruption INIT	CO-11-A10-24292-01	(91)
Internet Crimes A/C-T/F	IC-14-A10-27452-01	112,329
JCMP	SF-13-J20-26861-01	66,508
Gang Reduction	SF-13-J20-24646-02	(18,591)
Gang Reduction	SF-13-J20-24646-03	33,100
<b>Total Office of the Governor Criminal Justice Division</b>		<b>5,697,001</b>
<i>Texas Automobile Theft Prevention Authority</i>		
HACTF /21	SA-T04-10054-13	163,747
HACTF /22	SA-T04-10054-22	825,443
<b>Total Texas Automobile Theft Prevention Authority</b>		<b>989,190</b>
<i>Office of the Attorney General</i>		
Victim Coord/ Liaison	OAG-1442391	36,166
<b>Total Office of the Attorney General</b>		<b>36,166</b>
<i>Texas Department of Health State Services</i>		
HIV Rapid Testing	2010-034649	(10)
HIV Rapid Testing	2011-035183	10
HIV Rapid Testing	2013-041160-003	278,188
HIV Rapid Testing	2014-001355	633,143
IDCU FLU-Lab	2013-041160-008	1,521
IDCU FLU-Lab	2014-001097	2,767
Local Public Services	2012-039507	(26)
Local Public Services	2013-041160-011	141,441
Local Public Services	2014-001186	230,236
Milk and Dairy Product Testing	2014-044058	50,502
Milk and Dairy Product Testing	2013-041775	9,440
Syndromic Surveilnce	2014-045084	135,258
Tuberculosis Elimination Prevention	2011-036067	(2,800)
Tuberculosis Elimination Prevention	2013-041160-005	242,182
Tuberculosis Elimination Prevention	2014-001451	1,406,697
<b>Total Texas Department of Health State Services</b>		<b>3,128,549</b>
<i>Texas Department of Aging and Disability Services</i>		
ADRC Promot Independ	2013-PI-13	(72,541)
Life Span Resp Care	539-12-0000065728-M1	102,866
State General Revenue	2013-SGR-13	23,167
State General Revenue	2014-SGR-14	571,783
<b>Total Texas Department of Aging and Disability Services</b>		<b>625,275</b>
<i>Texas Department of Housing and Community Affair</i>		
HHSP HTF 2	66130001661	70,118
HHSP BR	65130001611	581,880
AYBR	1001995	4,694
<b>Total Texas Department of Housing and Community Affair</b>		<b>656,692</b>
<i>Texas Health and Human Services Commission</i>		
Nurse Family Partnership Program	529-08-0110-00012B	112,041
Nurse Family Partnership Program	HHSC 529-08-0110-00012A	(426)
Nurse Family Partnership Program	529-08-0110-00012C	464,378
<b>Total Texas Health and Human Services Commission</b>		<b>575,993</b>
<i>Texas Parks and Wildlife Department</i>		
Emancipation Park	55-000019	(8,872)
Sam Houston Park	55-000012	58,818
Townwood Park	50-000402	163,615
<b>Total Texas Parks and Wildlife Department</b>		<b>213,561</b>

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, 2014**

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Texas State University</i>		
Tabacco Sting /2	C74992	24,194
Tabacco Sting /3	C74992	127,287
<b>Total Texas State University</b>		<b>151,481</b>
<i>Houston-Galveston Area Council</i>		
HGAC-Clean Rivers	C-74366	40,537
<b>Total Houston-Galveston Area Council</b>		<b>40,537</b>
<b>Total Direct Awards</b>		<b>\$ 12,114,445</b>
<b>Pass-Through Awards</b>		
<i>Harris County</i>		
CYD Campo Del Sol	C73996-NCA	\$ (250)
CYD Campo Del Sol	C75786	8,403
CYD Campo Del Sol	C75302	25,053
Gulfon Mentor Program	C74878	12,510
CYD United Minds	C74877	10,314
CYD United Minds		12,308
<b>Total Harris County</b>		<b>68,338</b>
<i>Texas General Land Office</i>		
CDBG DR Rental H R 2	13-181-000-7294	382,861
CDBG DR Rental H R 2	13-181-000-7295	2,520,972
<b>Total Texas General Land Office</b>		<b>2,903,833</b>
<i>Houston - Galveston Area Council</i>		
HGAC-Clean Rivers	CR 73605	328
HGAC-Clean Rivers	C75404-NCA	36,026
<b>Total Houston - Galveston Area Council</b>		<b>36,354</b>
<i>Texas Department of Housing and Community Affair</i>		
HHSP-HTF	66120001333	105,251
<b>Total Texas Department of Housing and Community Affair</b>		<b>105,251</b>
<i>William March Rice University</i>		
Rice-Ambient Air	381200039001	13,349
<b>Total William March Rice University</b>		<b>13,349</b>
<b>Total Pass-Through Awards</b>		<b>\$ 3,127,125</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b>\$ 15,241,570</b>

See 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 FOR THE YEAR ENDED JUNE 30, 2014

1. The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activities 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	\$ 162,638	\$ 9,738
FEMA Assistant Grant - Hurricane IKE	316	-
Capital Projects Funds	2,091	-
Asset Forfeiture (Special Revenue Funds)	3,187	5,504
Enterprise Fund - Combined Utility System (TX Water Board)	54,667	-
Enterprise Fund - Airport System Fund	<u>38,279</u>	<u>          </u>
Total	<u>\$ 261,178</u>	<u>\$ 15,242</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.

**CITY OF HOUSTON, TEXAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014 as follows:

	<b><u>CFDA Number</u></b>	<b><u>Amount</u></b>
U.S. Department of Health and Human Services: Value of vaccines issued	93.268	\$2,155,654
Value of vaccines on hand	93.268	\$320,514

6. **Loans Outstanding** – The City had the following loan balances outstanding at June 30, 2014. Loans made during the year are included in the federal expenditures presented in the schedule.

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amount Outstanding</u></b>
Community Development Block Grant	14.218	\$26,581,674
HOME Investment Partnerships Program	14.239	\$12,335,371
Section 108 Guaranteed Loan Program	14.248	\$1,927,969
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$141,792,470
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$70,754,904

7. The following is the federal subrecipient cash disbursements for the year ended June 30, 2014:

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amount Provided to Subrecipient</u></b>
Community Development Block Grants/Entitlement Grants	14.218	\$ 3,345,352
Emergency Solutions Grant Program	14.231	3,022,002
Housing Opportunities for Persons with AIDS	14.241	7,783,522
Public Safety Partnership and Community Policing Grants	16.710	52,246
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	36,544
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	107,368
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	82,076
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	453,274
Special Programs for the Aging Title III, Part C_Nutrition	93.045	4,089,773
National Family Caregiver Support, Title III, Part E_	93.052	371,927
Nutritional Services Incentive Program	93.053	1,173,034
Money Follows the Person Rebalancing Demonstration	93.791	13,377
HIV Prevention Activities_Health Department Based	93.940	<u>2,167,408</u>
Total		<u>\$ 22,697,903</u>

**CITY OF HOUSTON, TEXAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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8. The following is the federal American Recovery and Reinvestment Act subrecipient cash disbursements for the year ended June 30, 2014:

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amount Provided to Subrecipient</u></b>
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	<u>\$1,626,382</u>
Total		<u>\$1,626,382</u>

9. The following is the state subrecipient cash disbursements for the year ended June 30, 2014:

<b><u>Program Title</u></b>	<b><u>Grant Award Number</u></b>	<b><u>Amount Provided to Subrecipients</u></b>
HHSP-HTF	66120001333	\$ 105,251
State General Revenue	2014-SGR-14	571,783
HIV Rapid Testing	2013-041160-003	243,999
HIV Rapid Testing	2014-001355	<u>470,378</u>
Total		<u>\$1,391,411</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

10. The following is the schedule of expenditures of federal awards for the year ended June 30, 2014  
by cluster:

Cluster Title	Federal CFDA Number	Expenditures
<b>CHILD NUTRITION CLUSTER</b>		
Summer Food Service Program for Children	10.559	\$ 2,327,510
<b>Total Child Nutrition Cluster</b>		<b><u>\$ 2,327,510</u></b>
<b>CDBG-ENTITLEMENT GRANT CLUSTER</b>		
Community Development Block Grants/Entitlement Grants	14.218	\$ 17,402,565
<b>Total CDBG-Entitlement Grant Cluster</b>		<b><u>\$ 17,402,565</u></b>
<b>CDBG- STATE-ADMINISTERED CDBG CLUSTER</b>		
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	\$ 4,090,725
<b>Total CDBG-State-Administered CDBG Cluster</b>		<b><u>\$ 4,090,725</u></b>
<b>JAG PROGRAM CLUSTER</b>		
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	\$ 2,635,529
<b>Total JAG Program Cluster</b>		<b><u>\$ 2,635,529</u></b>
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>		
Highway Planning and Construction	20.205	\$ 9,750,860
<b>Total Highway Planning and Construction Cluster</b>		<b><u>\$ 9,750,860</u></b>
<b>HIGHWAY SAFETY CLUSTER</b>		
State and Community Highway Safety	20.600	\$ 1,035,465
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	154,666
Occupant Protection	20.602	(149)
<b>Total Highway Safety Cluster</b>		<b><u>\$ 1,189,982</u></b>
<b>CLEAN WATER STATE REVOLVING FUND CLUSTER</b>		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 54,666,931
<b>Total Clean Water State Revolving Fund Cluster</b>		<b><u>\$ 54,666,931</u></b>
<b>AGING CLUSTER</b>		
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	\$ 2,833,284
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	4,307,042
Nutritional Services Incentive Program	93.053	1,173,034
<b>Total Aging Cluster</b>		<b><u>\$ 8,313,360</u></b>
<b>MEDICAID CLUSTER</b>		
Medical Assistance Program	93.778	\$ 190,855
<b>Total Medicaid Cluster</b>		<b><u>190,855</u></b>
<b>Grand Total of Cluster Federal Awards</b>		<b><u>\$100,568,317</u></b>

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**I. SUMMARY OF AUDITORS' RESULTS**

1. The independent auditors' report on the basic financial statements expressed an unmodified opinion.
2. A material weakness in internal control over financial reporting was identified. No significant deficiency in internal control over financial reporting was noted.
3. No instances of noncompliance considered material to the basic financial statements were disclosed in the audit.
4. A significant deficiency in internal control over compliance with requirements applicable to federal and state award programs was identified but was not 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 a finding required to be reported by OMB Circular A-133.
7. The City's major programs were:

<u>Name of Major Federal/State Program</u>	<u>CFDA Number</u>
Emergency Solutions Grant Program	14.231
Housing Opportunities for Persons with AIDS	14.241
Community Development Block Grants/Brownfields	
Economic Development Initiative	14.246
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Capitalization Grants for Clean Water State Revolving Funds	66.458
High Intensity Drug Trafficking Areas Program	95.001
Port Security Grant Program	97.056
CDBG DR Rental H R 2	State
HIV Rapid Testing	State
Nurse Family Partnership Program	State

8. For federal awards and state awards, a dollar threshold of \$3,000,000 and \$457,247, respectively, was used to distinguish between Type A and Type B programs, as defined in OMB Circular A-133 and State of Texas UGMS.
9. The City did not qualify as a low-risk auditee, as defined in OMB Circular A-133. However, it qualified as a low risk auditee as defined by the State of Texas UGMS.



**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**II. FINANCIAL STATEMENT FINDINGS SECTION**

**FINDING NO. 2014-001 – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING PROCESS**

**Condition** – Various departments within the City did not adjust certain accounts to reflect appropriate year-end balances on the financial statements on a timely basis. Management subsequently correctly recorded the transactions and account balances and as a result the City’s financial statements are fairly presented.

In connection with the ongoing construction projects, the City is not timely closing out completed projects to capital asset accounts and begins the process of depreciating the completed projects. In testing the City’s status of work-in-process (WIP) accounts in connection with the current year’s audit, we noted most of the IT/Radio completed projects remained in WIP as of June 30, 2014 and for which no depreciation was recorded. For this particular project, some of the project phases/milestones were completed in prior years.

While these adjustments were made in the 2014 financial statements, the WIP balance was initially overstated by \$107 million and components of capital assets were understated by the corresponding amount in several funds resulting in a depreciation expense and accumulated depreciation being understated by \$1.3 million.

**Criteria** – Effective internal controls over financial reporting include processes and procedures for proper recording of transactions, timely reconciliation of general ledger account details to control accounts, proper cut-off procedures and effective supervision, review and approval processes to ensure preparation of financial statements in conformity with U.S. GAAP.

GAAP also requires that capital asset records be maintained by public entities in a complete, accurate and detailed manner and that governments report all capital assets with the consideration of depreciation, including infrastructure assets.

**Cause** – Inadequate and deficient controls over year-end close processes and over monitoring WIP projects and recording them appropriately in the general ledger.

**Effect or Potential Effect** – The absence of control policies and procedures, including analytic reviews as noted in prior audit findings, to prevent, detect, and correct material misstatements in the financial statements on a timely basis increases the risk that the City’s financial statements could contain material misstatements.

Future reporting, tracking and management of capital assets and computations of depreciation will be adversely affected by capital asset records that do not contain enough detail to completely summarize and transfer construction in progress costs to completed assets by proper component.

**Recommendation** – The department’s accounting staff has reduced the number of post-closing audit entries substantially from prior years. We recommend that the City continue to develop procedures, including analytic reviews of interim financial reports, to insure that material misstatements are detected on a timelier basis.

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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Further, we recommend that the City perform a more detailed/in-depth review of projects that are in WIP. The review of projects by finance management should include corroboration with the project managers, when possible, to determine on a timely basis whether the projects are ongoing or complete and whether the costs should be transferred. Based on such reviews, management should transfer the WIP costs to capital assets or expense such costs. Management should also consider lowering the threshold applied to these reviews in order to identify projects that may, in the aggregate, be material.

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

**Corrective Action Plan** – A process will be implemented which includes reviewing the WIP monthly, meeting with project managers through a City-wide roundtable for updates, and developing forms for use in preparation of WIP project status. In addition, the recent approval by City Council on December 3, 2014 of the City's Financial Policies provides additional guidance for financial reporting for all departments.

**Estimated Completion Date** – June 30, 2015

**City Contact Person** – Deputy Assistant Director (Fixed Assets), Financial Reporting and Operation Division of Finance Department

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION**

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
	<p><b>FINDING NO. 2014-002: COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH DAVIS BACON ACT REQUIREMENTS</b></p>	
<p><b>Capitalization Grants for Clean Water State Revolving Funds – CFDA #66.458</b></p>	<p><b>Conditions</b> – During the course of our test for the City’s compliance with the - Davis- Bacon Act related to obtaining weekly certified payrolls from its prime and subcontractors, we noted 1 (one) and twenty-one (21) instances where weekly certified payroll submissions were not obtained from prime and subcontractors, respectively.</p> <p><b>Criteria</b> – 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><b>Perspective</b> – 30 samples were selected to test compliance with the Davis Bacon Act of which 9 samples had exceptions.</p> <p><b>Cause</b> – Lack of controls in place to ensure subcontractors are submitting payroll certifications on time.</p> <p><b>Effect</b> – The City is not in compliance with the requirements set forth in the grant agreement and the Davis-Bacon compliance requirement.</p> <p><b>Recommendation</b> – 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><b>Views of Responsible Officials</b> – Management does not disagree with this finding.</p> <p><b>Corrective Action Plan of Management</b> – Standards have been implemented requiring Office of Business Opportunity (OBO) staff to notify the assigned contracting department project manager, in writing of missing items. Should escalation of the issue occur, a meeting with the prime contractor to obtain the required compliance will occur. It is recommended that all COH contracts include sanctions to ensure compliance with Davis-Bacon requirements. Until this is implemented, OBO will continue to notify the prime contractor and assigned project manager, in writing, of their requirements and escalate the issues to compel contractors to comply.</p> <p><b>Estimated Completion Date</b> – June 30, 2015</p> <p><b>City Contact Person</b> – Division Manager, Contract Compliance Section, Office of Business Opportunity</p>	<p>None</p>

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**IV. STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS**

**Finding 2013-001 – Significant Deficiency in Internal Control over Financial Reporting Process**

**Finding** – 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.

**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.

**Status** – Communications regarding the guidance on analysis and timely posting of departmental journal entries were forwarded to Departmental staff. 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 key transactions as those based on timing, size or nature of transaction. In addition, any unusual transactions are to be reviewed by Finance and Controller's Office as they occur. In addition, comprehensive financial policies were approved by City Council on December 3, 2014. These policies provide additional guidance for financial reporting for all departments.

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING 2013-002 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL:  
SECURITY POLICIES AND PROCEDURES**

**Finding** – During the course of the audit procedures for the City of Houston, several IT security deficiencies were identified. Although no single audit 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.

**Recommendation** – It is recommended that 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.

**Status** – The City of Houston’s Chief Information Security Officer has established the following:

- Executive Order — 1-48 IT Security Policy
- Administrative Procedure (AP) 8.1 — Appropriate Use of City Information and City Information Technology Resources was signed by Mayor Parker on October 17, 2014.
- AP 8.2 — Cybersecurity Program was signed by Mayor Parker on October 17, 2014.

Administrative Procedures for Mobile Device Security, Mobile Device Management and Bring Your Own Device are in final draft and in the approval process with an estimated completion date of February 15, 2015. Additionally, Cybersecurity User Awareness Training has been completed by over 90% of City of Houston employees. The Municipal Courts application that was slated to be complete by September 2014 was delayed until December 15, 2014 and is still further delayed until April 2, 2015.

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<p><b>Energy Efficiency and Conservation Block Grant (EECBG) - CFDA #81.128</b></p>	<p><b>Significant Deficiency Control Finding</b>  <b>2013-003: Allowable Costs/Cost Principles</b></p> <p><b>Finding</b> – During fiscal year 2012, the US 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><b>Recommendation</b> – 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><b>Status</b> – The General Services Department initiated and completed an adjusting entry to correct the reporting allocation in accordance with the grant guidelines. This grant is now closed.</p>	<p>\$455,156</p>

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<b>Emancipation Park – State Grant</b>	<p><b>Compliance and Significant Deficiency Control</b>  <b>Finding 2013-004: Reporting</b></p> <p><b>Finding</b> – The City did not comply with reporting requirements by the grant. Three of four quarterly status submission reports were not submitted within the required time frame. There was no evidence of review of the quarterly status reports and the City did not seek reimbursement for any of the properties purchased with Emancipation Park grant funds.</p> <p><b>Recommendation</b> – 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.</p> <p>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.</p> <p><b>Status</b> – The Houston Parks and Recreation Department (HPARD) has prepared and maintains a schedule of reporting requirements and reviews procedures for each grant. Further HPARD will maintain a checklist to ensure effective internal controls. These tools have been 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.</p>	N/A

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
	<p style="text-align: center;"><b>Compliance and Significant Deficiency Control</b>  <b>Finding 2013-005: Davis Bacon Act</b></p>	
<b>Sam Houston Park – State Grant</b>	<p><b>Finding</b> – 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><b>Recommendation</b> – 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><b>Status</b> – All projects now require certified payrolls be submitted electronically through the Office of Business Opportunity (OBO) payroll portal. During the current fiscal year, this portal allowed the contractors for this program to submit certified payrolls to OBO electronically. Additionally, mandatory language has been inserted into construction contracts to comply with this new requirement.</p>	N/A