

**CITY OF HOUSTON, TEXAS**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**CITY OF HOUSTON, TEXAS**

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**JUNE 30, 2015**

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2015.

Our report includes a reference to other auditors who audited the financial statements of the Firefighters' 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 8.1%, 14.5% and 7.7%, respectively, of the assets, net position, and revenues of the governmental activities or any business-type discretely presented component units which represents 6.1%, 26.7% and 14.9%, 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.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003 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 other matters that were reported to management of the City in a separate letter dated December 2, 2015.

### **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.

McConnell & Sons LLP

Burns, Finley, White & Co.

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January 14, 2016  
Houston, Texas

**Independent Auditors' 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, 2015. 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, 2015.

## **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 2015-004. 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 deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004 that we consider to be significant deficiencies.

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, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated December 2, 2015, which contained unmodified opinions on those financial statements. 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, 2015. 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.

McConnell & Sonnes LLP

Burns, Finley, White & Co.

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January 14, 2016  
Houston, Texas

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**FEDERAL AWARDS**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture Food and Nutrition Services</b>			
<b>Pass-Through Awards</b>			
<i>Baylor College of Medicine</i>			
Grants for Agricultural Research_Competitive Research Grants	10.206	2008-55215-18875	\$ (1,270)
Grants for Agricultural Research_Competitive Research Grants	10.206	2008-55215-18875	106
Grants for Agricultural Research_Competitive Research Grants	10.206	2008-55215-18875	<u>1,077</u>
<b>Total Baylor College of Medicine</b>			<b><u>(87)</u></b>
 <i>Texas Department of State Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2011-037179	34,705
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2014-045059	2,991,373
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2015-047284	<u>8,335,554</u>
<b>Total Texas Department of State Health Services</b>			<b><u>11,361,632</u></b>
 <i>Texas Department of Agriculture Food and Nutrition Services</i>			
Child and Adult Care Food Program	10.558	CE ID 01525	9,053
Child and Adult Care Food Program	10.558	CE ID 01525	<u>1,104,953</u>
			<u>1,114,006</u>
 Summer Food Service Program for Children	 10.559	 CE ID 01525	 845,342
Summer Food Service Program for Children	10.559	CE ID 01525	<u>1,169,904</u>
			<u>2,015,246</u>
 <b>Total Texas Department of Agriculture Food and Nutrition Services</b>			<b><u>3,129,252</u></b>
 <b>Total Pass-Through Awards</b>			<b><u>\$ 14,490,797</u></b>
 <b>Total U.S. Department of Agriculture Food and Nutrition Services</b>			<b><u>\$ 14,490,797</u></b>
 <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	\$ 235,905
Community Development Block Grants/Entitlement Grants	14.218	B01MC480018	13,070
Community Development Block Grants/Entitlement Grants	14.218	B04MC480018	29,377
Community Development Block Grants/Entitlement Grants	14.218	B05MC480018	62,631
Community Development Block Grants/Entitlement Grants	14.218	B06MC480018	171,291
Community Development Block Grants/Entitlement Grants	14.218	B07MC480018	425,500
Community Development Block Grants/Entitlement Grants	14.218	B08MC480018	93,867
Community Development Block Grants/Entitlement Grants	14.218	B09MC480018	809,707
Community Development Block Grants/Entitlement Grants	14.218	B10MC480018	1,559,240
Community Development Block Grants/Entitlement Grants	14.218	B11MC480018	631,995
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	295,807
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	268,385
Community Development Block Grants/Entitlement Grants	14.218	B12MC480018	3,698,429
Community Development Block Grants/Entitlement Grants	14.218	B13MC480018	6,198,559
Community Development Block Grants/Entitlement Grants	14.218	B14MC480018	10,013,049
Community Development Block Grants/Entitlement Grants	14.218	B99MC480018	<u>2,056</u>
 <b>Total Office of Community Planning and Development Block Grant</b>			<b><u>24,508,868</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, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Emergency Solutions Grant Program</i>			
Emergency Solutions Grant Program	14.231	E11MC480002	86,206
Emergency Solutions Grant Program	14.231	E12MC480002	37,217
Emergency Solutions Grant Program	14.231	E13MC480002	1,197,923
Emergency Solutions Grant Program	14.231	E14MC480002	123,623
Emergency Solutions Grant Program	14.231	S08MC480002	10,048
Emergency Solutions Grant Program	14.231	S09MC480002	7,892
Emergency Solutions Grant Program	14.231	S10MC480002	6,544
<b>Total Emergency Solutions Grant Program</b>			<b><u>1,469,453</u></b>
<i>Home Investment Partnerships Program</i>			
Home Investment Partnerships Program	14.239	M00MC480206	2,277
Home Investment Partnerships Program	14.239	M01MC480206	40,282
Home Investment Partnerships Program	14.239	M03MC480206	868,098
Home Investment Partnerships Program	14.239	M05MC480206	(462,523)
Home Investment Partnerships Program	14.239	M07MC480206	425,046
Home Investment Partnerships Program	14.239	M09MC480206	6,528
Home Investment Partnerships Program	14.239	M10MC480206	349,405
Home Investment Partnerships Program	14.239	M11MC480206	2,232,774
Home Investment Partnerships Program	14.239	M12MC480206	4,987,760
Home Investment Partnerships Program	14.239	M13MC480206	(712,236)
Home Investment Partnerships Program	14.239	M14MC480206	1,931,055
Home Investment Partnerships Program	14.239	M94MC480206	184,148
Home Investment Partnerships Program	14.239	M96MC480206	385,257
Home Investment Partnerships Program	14.239	M97MC480206	2,193,994
Home Investment Partnerships Program	14.239	M98MC480206	915
Home Investment Partnerships Program	14.239	M99MC480206	299,330
<b>Total Home Investment Partnerships Program</b>			<b><u>12,732,110</u></b>
<i>Housing Opportunities for Persons with AIDS</i>			
Housing Opportunities for Persons with AIDS	14.241	TX21H03-F003	603
Housing Opportunities for Persons with AIDS	14.241	TX21H07-F003	59,448
Housing Opportunities for Persons with AIDS	14.241	TXH09F003	106,197
Housing Opportunities for Persons with AIDS	14.241	TXH10F003	320,570
Housing Opportunities for Persons with AIDS	14.241	TXH11F003	298,559
Housing Opportunities for Persons with AIDS	14.241	TXH12F003	613,727
Housing Opportunities for Persons with AIDS	14.241	TXH13F003	6,476,371
Housing Opportunities for Persons with AIDS	14.241	TXH14F003	1,702,125
Housing Opportunities for Persons with AIDS	14.241	TX-H08-F004	625
<b>Total Housing Opportunities for Persons with AIDS</b>			<b><u>9,578,225</u></b>
<i>Lead-Based Paint Hazard Control in Privately-Owned Housing</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TXLHB0459-09	(271)
<b>Total Lead-Based Paint Hazard Control in Privately-Owned Housing</b>			<b><u>(271)</u></b>
<i>Lead Hazard Reduction Demonstration Grant Program</i>			
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0231-11	803,315
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0260-13	1,653,302
<b>Total Lead Hazard Reduction Demonstration Grant Program</b>			<b><u>2,456,617</u></b>
<b>Total Direct Awards</b>			<b><u>\$ 50,745,002</u></b>
<b>Pass-Through Awards</b>			
<i>Texas Department of Housing and Community Affair</i>			
Community Development Block Grants/State's Programs and Non-Entitlement Grants in Hawaii	14.228	70090001	\$ (111,029)
Community Development Block Grants/State's Programs and Non-Entitlement Grants in Hawaii	14.228	B-06-DG-48-0002	2,040
<b>Total Texas Department of Housing and Community Affair</b>			<b><u>(108,989)</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, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Texas General Land Office</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DRS010070	69,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DRS010070	(25,405)
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DRS010070	285,586
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	13-181-000-7294	10,367,247
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	13-181-000-7295	2,639,011
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	14-236-000-8329	8,639,223
<b>Total Texas General Land Office</b>			<b>21,974,662</b>
<b>Total Pass-Through Awards</b>			<b>\$ 21,865,673</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 72,610,675</b>
<b>U.S. Department of the Interior Fish and Wildlife Service</b>			
<b>Pass-Through Awards</b>			
<i>Texas Parks and Wildlife Department</i>			
Enhanced Hunter Education and Safety Program	15.626	CT # 433041	\$ 37,188
<b>Total Texas Parks and Wildlife Department</b>			<b>37,188</b>
<i>Harris County Judge's Office</i>			
Coastal Impact Assistance Program	15.668	F12AF01247	34,453
<b>Total Harris County Judge's Office</b>			<b>34,453</b>
<b>Total Pass-Through Awards</b>			<b>\$ 71,641</b>
<b>Total U.S. Department of the Interior Fish and Wildlife Service</b>			<b>\$ 71,641</b>
<b>U.S. Department of Justice</b>			
<b>Direct Awards</b>			
Shared Forfeiture Property- Justice	16.000		\$ 2,067,038
<b>Total Shared Forfeiture Property- Justice</b>			<b>2,067,038</b>
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Missing Children's Assistance	16.543	2012-MC-FX-K053	370,732
<b>Total Office of Juvenile Justice and Delinquency Prevention</b>			<b>370,732</b>
<i>National Institute of Justice</i>			
National Institute of Justice Research, Evaluation, and Development Project	16.560	2011-DN-BX-0002	45,447
			45,447
DNA Backlog Reduction Program	16.741	2011-DN-BX-K427	(2,505)
DNA Backlog Reduction Program	16.741	2012-DN-BX-0068	321,663
DNA Backlog Reduction Program	16.741	2013-DN-BX-0067	399,380
			718,538
<b>Total National Institute of Justice</b>			<b>763,985</b>
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	2010ULWX0026	1,648,383
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0028	1,872,227
Public Safety Partnership and Community Policing Grants	16.710	2013ULWX0025	201,360
<b>Total Office of Community Oriented Policing Services</b>			<b>3,721,970</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, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Bureau of Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1032	(51)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3222	65,231
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0536	1,192,978
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0552	1,205,408
			<u>2,463,566</u>
Economic High-Tech and Cyber Crime Prevention	16.752	2013-ZP-BX-K427	103,130
			<u>103,130</u>
<i>Total Bureau of Justice Assistance</i>			<u><b>2,566,696</b></u>
<b>Total Direct Awards</b>			<u><b>\$ 9,490,421</b></u>
<b>Pass-Through Awards</b>			
<i>State of Texas - Governor's Office Criminal Justice Division</i>			
Juvenile Accountability Block Grants	16.523	JB-08-J20-13322-11	\$ (1,471)
Juvenile Accountability Block Grants	16.523	JB-10-J20-13322-13	(4,637)
Juvenile Accountability Block Grants	16.523	JB-11-J20-13322-14	538
Juvenile Accountability Block Grants	16.523	JB-12-xxx-13322-15	2,125
Juvenile Accountability Block Grants	16.523	1332216	57,232
			<u>53,787</u>
Crime Victim Assistance	16.575	1359215	34,910
Crime Victim Assistance	16.575	VA-12-V30-13592-14	1,400
			<u>36,310</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-25810-02	11,284
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-25886-02	12,181
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2581003	30,684
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2588603	32,177
			<u>86,326</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	1731911	77,285
			<u>77,285</u>
<i>Total State of Texas - Governor's Office Criminal Justice Division</i>			<u><b>253,708</b></u>
<b>Total Pass-Through Awards</b>			<u><b>\$ 253,708</b></u>
<b>Total U.S. Department of Justice</b>			<u><b>\$ 9,744,129</b></u>
<b>U.S. Department of Transportation</b>			
<b>Direct Awards</b>			
<i>Federal Aviation Administration</i>			
Airport Improvement Program	20.106	3-48-0110-038	\$ 154,019
Airport Improvement Program	20.106	3-48-0111-091	438,007
Airport Improvement Program	20.106	3-48-0111-097	177,552
Airport Improvement Program	20.106	3-48-0111-099	8,854,906
Airport Improvement Program	20.106	3-48-0111-100	463,898
Airport Improvement Program	20.106	3-48-0110-039-2014	158,167
Airport Improvement Program	20.106	3-48-0111-101-2014	16,240,554
Airport Improvement Program	20.106	3-48-0111-102-2014	4,908,588
<i>Total Federal Aviation Administration</i>			<u><b>31,395,691</b></u>
<i>Federal Highway Administration</i>			
Highway Planning and Construction	20.205	TCSE010-Q680	5,094
Highway Planning and Construction	20.205	TCSP2001(001)	32,670
<i>Total Federal Highway Administration</i>			<u><b>37,764</b></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, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Federal Motor Carrier Safety Administration</i>			
National Motor Carrier Safety	20.218	FM-MHP-0129-13-01-01	63,398
National Motor Carrier Safety	20.218	FM-MHP-0187-14-01-00	177,628
<b>Total Federal Motor Carrier Safety Administration</b>			<b><u>241,026</u></b>
<i>Federal Transit Administration</i>			
Alternative Analysis	20.522	TX-39-0006-00	33,043
<b>Total Federal Transit Administration</b>			<b><u>33,043</u></b>
<i>Office of the Secretary (OST) Administration Secretariate</i>			
National Infrastructure Investments	20.933	DTFH61-13-G-00004	7,999,441
<i>Office of the Secretary (OST) Administration Secretariate</i>			<u>7,999,441</u>
<b>Total Direct Awards</b>			<b><u>\$ 39,706,965</u></b>
<b>Pass-Through Awards</b>			
<i>State of Texas - Department of Transportation</i>			
Highway Planning and Construction	20.205	CSJ 0912-00-421	\$ 14,709
Highway Planning and Construction	20.205	CSJ 0912-00-447	450
Highway Planning and Construction	20.205	CSJ 0912-70-064	2,962,870
Highway Planning and Construction	20.205	CSJ 0912-70-065	718,988
Highway Planning and Construction	20.205	CSJ 0912-71-459	279,360
Highway Planning and Construction	20.205	CSJ 0912-72-004	198,219
Highway Planning and Construction	20.205	CSJ 0912-72-046	359,576
Highway Planning and Construction	20.205	CSJ 0912-72-195	864,886
Highway Planning and Construction	20.205	CSJ 0912-72-276	40,000
Highway Planning and Construction	20.205	CSJ 0912-72-309	731,812
			<u>6,170,870</u>
State and Community Highway Safety	20.600	583EGF6018	160,557
State and Community Highway Safety	20.600	584EGF6019	66,965
State and Community Highway Safety	20.600	585EG139	538,545
State and Community Highway Safety	20.600	585EG140	219,098
			<u>985,165</u>
National Priority Safety Programs	20.616	585EGF6363	51,246
National Priority Safety Programs	20.616	585EGF6470	59,364
			<u>110,610</u>
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2014-HOUSTONPD-IDM-0012	59,708
			<u>59,708</u>
<b>Total State of Texas Department of Transportation</b>			<b><u>7,326,353</u></b>
<i>Department of Transportation Federal Transit Administration</i>			
Public Transportation Research, Technical Assistance, and Training	20.514	2015-N4A-15	19,993
<b>Total Department of Transportation Federal Transit Administration</b>			<b><u>19,993</u></b>
<b>Total Pass-Through Awards</b>			<b><u>\$ 7,346,346</u></b>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 47,053,311</u></b>
<b>U.S. Department of Treasury</b>			
<i>Shared Forfeiture Property - Treasury</i>	21.000		<u>\$ 509,876</u>
<b>Total U.S. Department of Treasury</b>			<b><u>\$ 509,876</u></b>

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

**CITY OF HOUSTON, TEXAS**  
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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>U.S. Institute of Museum and Library Services</b>			
<b>Direct Awards</b>			
<i>Institute of Museum and Library Services</i>			
National Leadership Grants	45.312	LG-30-12-0685-12	\$ 116,907
<b>Total Institute of Museum and Library Services</b>			<b>116,907</b>
<b>Total Direct Awards</b>			<b>\$ 116,907</b>
<b>Pass-Through Awards</b>			
<i>Texas State Library and Archive Commission</i>			
Grants to States	45.310	479-15007	\$ 33,858
Grants to States	45.310	723-15007	16,456
<b>Total Texas State Library and Archive Commission</b>			<b>50,314</b>
<b>Total Pass-Through Awards</b>			<b>\$ 50,314</b>
<b>Total U.S. Institute of Museum and Library Services</b>			<b>\$ 167,221</b>
<b>U. S. Environmental Protection Agency</b>			
<b>Direct Awards</b>			
<i>Office of Chemical Safety and Pollution Prevention</i>			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-00F30801	\$ (5,389)
<b>Total Office of Chemical Safety and Pollution Prevention</b>			<b>(5,389)</b>
<i>Office of Solid Waste and Emergency Response</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94701	572
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94801	572
<b>Total Office of Solid Waste and Emergency Response</b>			<b>1,144</b>
<b>Total Direct Awards</b>			<b>\$ (4,245)</b>
<b>Pass-Through Awards</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	582-15-86422	\$ 13,743
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	582-15-50041	67,576
			81,319
Nonpoint Source Implementation Grants	66.460	582-10-90464	11,281
Nonpoint Source Implementation Grants	66.460	582-10-90464	(9,806)
			1,475
Performance Partnership Grants	66.605	582-12-40054	398,875
			398,875
<b>Total Texas Commission on Environmental Quality</b>			<b>481,669</b>
<i>Texas Water Development Board</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	L110062	3,320,423
Capitalization Grants for Clean Water State Revolving Funds	66.458	L120030	15,895,448
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000149	22,182,922
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000223	2,137,471
			43,536,264
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1000222	2,442,694
			2,442,694
<b>Total Texas Water Development Board</b>			<b>45,978,958</b>
<b>Total Pass-Through Awards</b>			<b>\$ 46,460,627</b>
<b>Total U. S. Environmental Protection Agency</b>			<b>\$ 46,456,382</b>

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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<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	PS600445-30	\$ 475
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-31	(338)
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-32	6,726
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-33	881,293
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS6004670	709,772
			<u>1,597,928</u>
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	(618)
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-03	67,241
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-04	149,902
			<u>215,841</u>
Immunization Cooperative Agreements	93.268	IP62253208	(355)
Immunization Cooperative Agreements	93.268	IP000734-01	836
Immunization Cooperative Agreements	93.268	IP000734-02	1,654,609
Immunization Cooperative Agreements	93.268	IP000734-03	1,381,550
Immunization Cooperative Agreements	93.268	IP622532-09	402
Immunization Cooperative Agreements	93.268	IP622532-10	12
Immunization Cooperative Agreements	93.268	CCH622532A	1,728,574
			<u>4,765,628</u>
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-01	114
			<u>114</u>
National Public Health Improvement Initiative	93.292	CD001272-04	199,772
			<u>199,772</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CK000368-01S1	388,343
			<u>388,343</u>
PPHF National Public Health Improvement Initiative	93.507	CD001272-01	(137)
PPHF National Public Health Improvement Initiative	93.507	CD001272-02	137
			<u>0</u>

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

**CITY OF HOUSTON, TEXAS**  
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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
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	193,959
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	CK000368-01	471,589
			<u>665,548</u>
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003626-01	(1,164)
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003278-01	379
			<u>(785)</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	(9,147)
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	276,500
			<u>267,353</u>
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	42,112
			<u>42,112</u>
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	1259-01	54,497
			<u>54,497</u>
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	CK000368-01S2	1,755
			<u>1,755</u>
HIV Prevention Activities_Health Department Based	93.940	PS003255-04	215,946
HIV Prevention Activities_Health Department Based	93.940	PS003255-05	178,808
HIV Prevention Activities_Health Department Based	93.940	PS003626-02	237
HIV Prevention Activities_Health Department Based	93.940	PS003672-01	134
HIV Prevention Activities_Health Department Based	93.940	PS003672-02	2,784
HIV Prevention Activities_Health Department Based	93.940	PS003672-03	3,346,841
HIV Prevention Activities_Health Department Based	93.940	PS003672-04	3,063,367
			<u>6,808,117</u>

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>
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-03	(2,665)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-04	2,665
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-05	39
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-06	580,064
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-02	894,206
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-03	593,754
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004947-01	350
			<u>2,068,413</u>
<i>Total Centers for Disease Control and Prevention</i>			<b><u>\$ 17,074,636</u></b>
<b>Total Direct Awards</b>			<b><u>\$ 17,074,636</u></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	2015-EAP-15	\$ 39,151
			<u>39,151</u>
Special Programs for the Aging Title VII, Chapter 2_ Long Term Care Ombudsman Serves for Older Individuals	93.042	2015-OAG-15	111,561
			<u>111,561</u>
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2014-3D-14	39,953
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2015-3D-15	90,766
			<u>130,719</u>
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-13	1,178,809
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2015-3B-15	2,555,580
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-VISTA	611
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-ADM-14	261,818
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2015-ADM-15	701,601
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-AWLW-14	9,680
			<u>4,708,099</u>
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2012-3C2-13	(1)
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2014-3C1-14	485,349
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2014-3C2-14	78,666
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2015-3C1-15	1,342,333
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	2015-3C2-15	1,648,983
			<u>3,555,330</u>

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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Special Programs for the Aging Title IV_ and Title II Discretionary Projects	93.048	2014-ADRCDP-14	1,100
Special Programs for the Aging Title IV_ and Title II Discretionary Projects	93.048	2015-ADRCNWD-15	3,500
			<u>4,600</u>
National Family Caregiver Support, Title III, Part E	93.052	2014-3E-14	301,892
National Family Caregiver Support, Title III, Part E	93.052	2015-3E-15	818,271
			<u>1,120,163</u>
Nutrition Services Incentive Program	93.053	2014-NSIP-14	1,061,662
Nutrition Services Incentive Program	93.053	2015-NSIP-15	1,278,007
			<u>2,339,669</u>
Medicare Enrollment Assistance Program	93.071	2015-MIPPA3-15	17,985
Medicare Enrollment Assistance Program	93.071	2015-ACA-MIPPA2	6,340
Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA3	23,071
Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA2	28,606
			<u>76,002</u>
State Health Insurance Assistance Program	93.324	2015-CMS-17	111,960
State Health Insurance Assistance Program	93.324	2016-CMS-17	38,795
			<u>150,755</u>
Medical Assistance Program	93.778	2014CMS-MFP-14	(1,027)
Medical Assistance Program	93.778	ADRC-MFP-14	270,062
Medical Assistance Program	93.778	ADRC OPER MFP-15	416,393
			<u>685,428</u>
Centers for Medicare and Medicaid Services(CMS) Research, Demonstration and Evaluations	93.779	2014-CMS-16	(2,419)
			<u>(2,419)</u>
Money Follows the Person Rebalancing Demonstration	93.791	2011-ADRC-13	(126)
Money Follows the Person Rebalancing Demonstration	93.791	2012-MFPD-13	(1)
Money Follows the Person Rebalancing Demonstration	93.791	2014-MFPD-14	4,613
Money Follows the Person Rebalancing Demonstration	93.791	2015-MFPD-15	11,460
Money Follows the Person Rebalancing Demonstration	93.791	TX ADRC HNP/ACL-15	38,579
Money Follows the Person Rebalancing Demonstration	93.791	ADRC-SGR/ACL-14	75,780
			<u>130,305</u>
National Bioterrorism Hospital Preparedness Program	93.889	2013-041160-001	60
National Bioterrorism Hospital Preparedness Program	93.889	2014-001196	5,078
			<u>5,138</u>
			<u><b>13,054,501</b></u>
<i>Total Texas Department of Aging &amp; Disability Services</i>			
<i>Texas Department of State Health Services</i>			
Public Health Emergency Preparedness	93.069	2009-032263-001	(6)
Public Health Emergency Preparedness	93.069	2010-035655	(85)
Public Health Emergency Preparedness	93.069	2011-038795	(267)
Public Health Emergency Preparedness	93.069	2011-038940	163
Public Health Emergency Preparedness	93.069	2013-041160-004	(4,034)
Public Health Emergency Preparedness	93.069	2013-041160-007	(16)
Public Health Emergency Preparedness	93.069	2014-001219	264,763
Public Health Emergency Preparedness	93.069	2014-001159	34,823
Public Health Emergency Preparedness	93.069	2014-045397	65,971
Public Health Emergency Preparedness	93.069	2014-001208	81,883
Public Health Emergency Preparedness	93.069	2015-001208	389,398
Public Health Emergency Preparedness	93.069	2015-001219	1,016,186
Public Health Emergency Preparedness	93.069	2015-001159	199,155
Public Health Emergency Preparedness	93.069	2015-047249	607,275
Public Health Emergency Preparedness	93.069	2015-047409	123,762
			<u>2,778,971</u>

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<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Hansen's Disease National Ambulatory Care Program	93.215	2011-037574	(1,512)
Hansen's Disease National Ambulatory Care Program	93.215	2013-041160-009	57
Hansen's Disease National Ambulatory Care Program	93.215	2014-001077	11,052
Hansen's Disease National Ambulatory Care Program	93.215	2015-001077	83,909
			<u>93,506</u>
Immunization Cooperative Grants	93.268	2014-001078	276,825
Immunization Cooperative Grants	93.268	2015-001078	1,186,704
			<u>1,463,529</u>
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	201-001348	1,403,621
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2013-041160-012	(836)
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2014-001348	315,452
			<u>1,718,237</u>
Preventive Health and Health Services Block Grant	93.991	2015-047243	20,909
			<u>20,909</u>
Maternal and Child Health Services Block Grant to the States	93.994	2011-035909	(478)
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	2012-038975	(5,251)
Maternal and Child Health Services Block Grant to the States	93.994	2014-044575	2,992
Maternal and Child Health Services Block Grant to the States	93.994	2014-044628	25,375
Maternal and Child Health Services Block Grant to the States	93.994	2014001490	37,516
Maternal and Child Health Services Block Grant to the States	93.994	2015-047142	117,895
Maternal and Child Health Services Block Grant to the States	93.994	2015-046150	135,088
			<u>313,318</u>
			<u>6,388,470</u>
<i>Texas Department of State Health Services</i>			
<i>Houston-Galveston Area Council</i>			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	AG1229	4,942
			<u>4,942</u>
<i>The State of Nevada Division of Public and Behavioral Health</i>			
Public Health Emergency Preparedness	93.069	HD-14879	17,601
			<u>17,601</u>
<i>The University of Texas Health Science</i>			
Environmental Health	93.113	0010389A	86,376
			<u>86,376</u>
<i>Women's Family Planning and Health Association</i>			
Family Planning_Services	93.217	WHFPT13	(20,875)
Family Planning_Services	93.217	WHFPT14	179,022
Family Planning_Services	93.217	WHFPT15	509,370
			<u>667,517</u>
<i>Centers for Medicare and Medicaid Services</i>			
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces	93.332	NAVCA140138-01	1,343,143
			<u>1,343,143</u>
<i>Council of State and Territorial Epidemiologists</i>			
NON-ACA/PPHF-Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	CSTE-2015	1,018
			<u>1,018</u>

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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	8,998
<b>Total Gulf Coast Workforce Board</b>			<b>8,998</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	171,818
<b>Total University of California UCLA Fielding School of Public Health</b>			<b>171,818</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	268,324
<b>Total United Way of Tarrant County</b>			<b>268,324</b>
<i>Community Health Care</i>			
Centers for Medicare and Medicaid Services(CMS) Research, Demonstration and Evaluation	93.779	371100027001	(650)
<b>Total Community Health Care</b>			<b>(650)</b>
<i>Harris County Public Health Environment Services</i>			
HIV Emergency Relief Project Grants	93.914	13GEN0040	(807)
HIV Emergency Relief Project Grants	93.914	14GEN0072 , 14GEN00573	107,639
HIV Emergency Relief Project Grants	93.914	15GEN0051	51,462
<b>Total Harris County Public Health Environment Services</b>			<b>158,294</b>
<i>National Association of County and City Health Officials</i>			
Cooperative Agreements to Support Comprehensive School Health Programs to prevent the spread of HIV and other Important health Problems	93.938	2008-102201	(1,828)
Cooperative Agreements to Support Comprehensive School Health Programs to prevent the spread of HIV and other Important health Problems	93.938	2010-102702	(196)
<b>Total National Association of County and City Health Officials</b>			<b>(2,024)</b>
<b>Total Pass-Through Awards</b>			<b>\$ 22,168,328</b>
<b>Total U.S. Department Of Health and Human Services</b>			<b>\$ 39,242,964</b>
<b>Corporation for National and Community Service</b>			
<b>Direct Awards</b>			
Social Innovation Fund	94.019	11SIHDC001	\$ 115,680
<b>Total Corporation for National and Community Service</b>			<b>\$ 115,680</b>
<b>Office of National Drug Control Policy</b>			
<b>Direct Awards</b>			
Office of National Drug Control Policy	95.000	G09HN0001A	\$ (3)
Office of National Drug Control Policy	95.000	G09HN0001A	(2)
<b>Total Office of National Drug Control Policy</b>			<b>\$ (5)</b>

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**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<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	G13HN0001A	\$ 15,555
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(42,603)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(16,030)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(6,078)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(5,739)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(4,783)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	(287)
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	2,227
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	15,336
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	177,840
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	177,430
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	230,325
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	363,148
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	460,725
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	700,785
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	895,385
<b>Total High Intensity Drug Trafficking Areas Program</b>			<b>2,963,236</b>
<b>Total Executive Office of the President</b>			<b>\$ 2,963,231</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	\$ 808,459
Port Security Grant Program	97.056	EMW-2013-PU-00259-S01	247,432
Port Security Grant Program	97.056	EMW-2014-PU-00192-S01	239,356
<b>Total Department of Homeland Security</b>			<b>1,295,247</b>
<b>Total Direct Awards</b>			<b>\$ 1,295,247</b>
<b>Pass-Through Awards</b>			
<i>Governor's Division of Emergency Management</i>			
Non-Profit Security Program	97.008	09-SR 35000-05	\$ (6,200)
<b>Total Governor's Division of Emergency Management</b>			<b>(6,200)</b>
<i>Harris County</i>			
Port Security Grant Program	97.056	2010-PU-T0-K002	(18,618)
Port Security Grant Program	97.056	EMW-2011-PU-K00146	592,575
<b>Total Harris County</b>			<b>573,957</b>
<i>Texas Department of Public Safety</i>			
Emergency Management Performance Grants	97.042	14TX-EMPG-0357	212,779
			<b>212,779</b>
Homeland Security Grant Program	97.067	10-SR 35000-01	3,806
Homeland Security Grant Program	97.067	10-SR 35000-01	4,574
Homeland Security Grant Program	97.067	11-SR 35000-02	1,350,879
Homeland Security Grant Program	97.067	12-SR 35000-01	2,507,935
Homeland Security Grant Program	97.067	13-SR 35000-01	50,043
Homeland Security Grant Program	97.067	13-SR 35000-02	9,547,763
Homeland Security Grant Program	97.067	13-SR 35000-02&35000-3	3,227,432
Homeland Security Grant Program	97.067	13-SR 35000-05	168,805
Homeland Security Grant Program	97.067	14-SR 35000-01	62
Homeland Security Grant Program	97.067	14-SR 35000-04	49,964
			<b>16,911,263</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, 2015**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Metropolitan Medical Response System	97.071	10-SR-35000-01	(550)
			<u>(550)</u>
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	10-SR35000-01	621,331
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	11-SR35000-01	706,269
			<u>1,327,600</u>
<i>Total Texas Department of Public Safety</i>			<u><b>18,451,092</b></u>
<i>Texas Commission on Environmental Quality</i>			
Homeland Security Biowatch Program	97.091	582-10-86407	8
Homeland Security Biowatch Program	97.091	582-13-30019	844,536
<i>Total Texas Commission on Environmental Quality</i>			<u><b>844,544</b></u>
<b>Total Pass-Through Awards</b>			<u><b>\$ 19,863,393</b></u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>\$ 21,158,640</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL NON-ARRA AWARDS</b>			<u><b>\$ 254,584,547</b></u>
	<u><b>American Recovery and Reinvestment Act</b></u>	<u><b>ARRA</b></u>	
<b>U.S. Department of Commerce</b>			
<b>Pass-Through Awards</b>			
<i>Texas State Library and Archive Community</i>			
<i>Broadband Technology Opportunities Program</i>	11.557	461-11018	<u><b>\$ 2,462</b></u>
<b>Total U.S. Department of Commerce</b>			<u><b>\$ 2,462</b></u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-Through Awards</b>			
<i>Child Care Council of Greater Houston</i>			
<i>Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)</i>	14.257	4600009462	<u><b>\$ 2,419</b></u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>\$ 2,419</b></u>
<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><b>\$ 378</b></u>
<b>Total U.S. Department of Energy</b>			<u><b>\$ 378</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL ARRA AWARDS</b>			<u><b>\$ 5,259</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 254,589,806</b></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, 2015**

**STATE AWARDS**

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<b>Direct Award</b>		
<i>Office of the Attorney General</i>		
Victim Coordinator Liaison	OAG-1442391	\$ 3,553
Victim Coordinator Liaison	OAG-1553759	30,820
<b>Total Office of the Attorney General</b>		<b><u>34,373</u></b>
<i>Office of the Governor Criminal Justice Division</i>		
A.S.A.P.	06260C07FY06	19
Asset Forfeiture	NA	4,981,966
CJD Gang Reduction	SF-13-J20-24646-02	11,034
CJD Gang Reduction	SF-14-J20-24646-03	295
Internet Crimes A/C-T/F	IC-14-A10-27452-01	335,336
JCMP	SF-13-J20-26861-01	29,507
JCMP	2686102	72,745
<b>Total Office of the Governor Criminal Justice Division</b>		<b><u>5,430,902</u></b>
<i>State Energy Conservation Office</i>		
ALT Fuel and Hybrid	CM1128	200
<b>Total State Energy Conservation Office</b>		<b><u>200</u></b>
<i>Texas Automobile Theft Prevention Authority</i>		
HACTF /22	SA-T-04-10054-22	174,401
HACTF /23	2015-T01-CITY OF- 00024	835,635
<b>Total Texas Automobile Theft Prevention Authority</b>		<b><u>1,010,036</u></b>
<i>Texas Department of Aging and Disability Services</i>		
ADRC Promoting Independence	2015-PI-15	5,300
Lifespan Resp Care Program	539-14-0190	165,768
State General Revenue	2014-SGR-14	34,474
State General Revenue	2015-SGR-15	592,262
<b>Total Texas Department of Aging and Disability Services</b>		<b><u>797,804</u></b>
<i>Texas Department of Housing and Community Affair</i>		
Homeless Housing and Service Program Barrier Removal Program	65130001611	262
Homeless Housing and Service Program General Revenue	63140001773	1,387,595
Homeless Housing and Service Program General Revenue 2	63150002043	137,037
Homeless Housing and Service Program HTF	66120001333	449
Homeless Housing and Service Program HTF 2	66130001661	355
Amy Young Barrier Removal Program	1001995	50,515
<b>Total Texas Department of Housing and Community Affair</b>		<b><u>1,576,213</u></b>
<i>Texas Health and Human Services Commission</i>		
Nurse Family Partnership	HHSC 529-08-0110-00012A	(552)
Nurse Family Partnership	HHSC 529-08-0110-00012A	552
Nurse Family Partnership	529-08-0110-00012B	(549)
Nurse Family Partnership	529-08-0110-00012C	93,182
Nurse Family Partnership	529-08-0110-00012D	450,118
<b>Total Texas Health and Human Services Commission</b>		<b><u>542,751</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, 2015**

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<i>Texas Department of State Health Services</i>		
CHS TTL V Prenatal Dental	2015-046010	2,176
HIV Rapid Testing	2010-034649	10
HIV Rapid Testing	2011-035183	(10)
HIV Rapid Testing	2014-001355	128,376
HIV Rapid Testing	2015-001355	239,237
IDCU FLU-Lab	2014-001097	1,776
IDCU FLU-Lab	2015-001097	1,693
IDCU Foodborne	2014-045527-001	17,360
IDCU Foodborne	2015-046169	80,269
Local Public Health Services	2012-039507	26
Local Public Health Services	2013-041160-011	(2,077)
Local Public Health Services	2014-001186	57,583
Local Public Health Services	2015-001186	259,823
Milk and Dairy	2011-035204	(1,738)
Milk and Dairy	2014-044058	6,884
Milk and Dairy	2015-046345	45,433
Syndromic Surveillance	2014-045084	61,916
Tuberculosis Elimination	2014-001451	308,802
Tuberculosis Elimination	2015-001451	1,377,642
<b>Total Texas Department of State Health Services</b>		<b><u>2,585,181</u></b>
<i>Texas Parks and Wildlife Department</i>		
Emancipation Park	55-000019	680,441
Houston PK Adventure	52-000385	(1,663)
Houston PK Adventure	52-000528	3,735
TPWD (COOP)	52-000586	3,656
<b>Total Texas Parks and Wildlife Department</b>		<b><u>686,169</u></b>
<i>Texas State University</i>		
Tobacco Sting /3	C74992	37,619
Tobacco Sting /4		83,757
<b>Total Texas State University</b>		<b><u>121,376</u></b>
<b>Total Direct Awards</b>		<b><u>\$ 12,785,005</u></b>
<b>Pass-Through Awards</b>		
<i>Harris County</i>		
CYD Campo DEL SOL	C75786	\$ 27,973
CYD United Minds	C74877	(1,737)
CYD United Minds	C74877	12,777
CYD United Minds	C74877	27,360
<b>Total Harris County</b>		<b><u>66,373</u></b>
<i>Houston-Galveston Area Council</i>		
H-GAC Solid Waste	15-16-G02	50,053
HGAC-Clean Rivers	C-74366	15,042
HGAC-Clean Rivers	C75404-NCA	62,668
<b>Total Houston - Galveston Area Council</b>		<b><u>127,763</u></b>
<b>Total Pass-Through Awards</b>		<b><u>\$ 194,136</u></b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b><u>\$ 12,979,141</u></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, 2015**

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 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):

	<b>Federal</b>	<b>State</b>
Grant Funds	\$ 172,230	\$ 7,997
FEMA Assistance Grant - Hurricane IKE	125	-
Flood 2015	1,938	-
Capital Projects Funds	345	-
Asset Forfeiture (Special Revenue Funds)	2,577	4,982
Enterprise Fund - Combined Utility System (TX Water Board)	45,979	-
Enterprise Fund - Airport System Fund	31,396	-
Total	\$ 254,590	\$ 12,979

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, 2015 as follows:

	<b>CFDA Number</b>	<b>Amount</b>
U.S. Department of Health and Human Services:		
Value of vaccines issued	93.268	\$ 1,728,574
Value of vaccines on hand	93.268	\$ 95,691



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE**  
**AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

6. **Loans Outstanding** – The City had the following loan balances outstanding at June 30, 2015. Loans made during the year are included in the federal expenditures presented in the schedule.

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amount Outstanding</b>
Community Development Block Grant	14.218	\$ 24,385,501
HOME Investment Partnerships Program	14.239	\$ 12,300,471
Section 108 Guaranteed Loan Program	14.248	\$ 1,904,696
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 161,691,206
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 45,772,210

7. The following is the federal subrecipient cash disbursements for the year ended June 30, 2015:

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Amount Provided to Subrecipient</b>
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,656,729
Emergency Solutions Grant Program	14.231	1,706,885
Housing Opportunities for Persons with AIDS	14.241	9,282,388
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,205,408
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	39,151
Special Programs for the Aging Title VII, Chapter 2_Long TermCare Ombudsman Services for Older Individuals	93.042	111,561
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	143,032
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	435,969
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	3,909,741
National Family Caregiver Support, Title III, Part E	93.052	380,507
Nutrition Services Incentive Program	93.053	2,820,097
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces	93.332	159,346
Money Follows the Person Rebalancing Demonstration	93.791	19,897
HIV Prevention Activities-Health Department Based	93.940	2,689,190
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	32,182
Total		<b>\$ 25,592,083</b>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE**  
**AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

8. The following is the state subrecipient cash disbursements for the year ended June 30, 2015:

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Amount Provided to Subrecipients</u>
HHSP-GR (State)	63140001773	\$ 1,353,014
State General Revenue	2014-SGR-14	34,474
State General Revenue	2015-SGR-15	592,262
Life Span Respite Care	539-14-0190	14,217
HIV Rapid Testing	2014-001355	94,059
HIV Rapid Testing	2015-001355	171,078
Total		<u>\$ 2,259,104</u>

9. The following is the schedule of expenditure of federal awards for the year ended June 30, 2015 by cluster:

<u>Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
CHILD NUTRITION CLUSTER		
Summer Food Service Program for Children	10.559	\$ 2,015,246
<b>Total Child Nutrition Cluster</b>		<u>\$ 2,015,246</u>
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		
Highway Planning and Construction	20.205	\$ 6,208,634
<b>Total Highway Planning and Construction Cluster</b>		<u>\$ 6,208,634</u>
HIGHWAY SAFETY CLUSTER		
State and Community Highway Safety	20.600	\$ 985,165
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	59,708
National Priority Safety Program	20.616	110,610
<b>Total Highway Safety Cluster</b>		<u>\$ 1,155,483</u>
CLEAN WATER STATE REVOLVING FUND CLUSTER		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 43,536,264
<b>Total Clean Water State Revolving Fund Cluster</b>		<u>\$ 43,536,264</u>
DRINKING WATER STATE REVOLVING FUND CLUSTER		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 2,442,694
<b>Total Drinking Water State Revolving Fund Cluster</b>		<u>\$ 2,442,694</u>
AGING CLUSTER		
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	\$ 4,708,099
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	3,555,330
Nutrition Services Incentive Program	93.053	2,339,669
<b>Total Aging Cluster</b>		<u>\$ 10,603,098</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE**  
**AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Cluster Title	Federal CFDA Number	Expenditures
CCDF CLUSTER		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	\$ 8,998
<b>Total CCDF Cluster</b>		<b>\$ 8,998</b>
MEDICAID CLUSTER		
Medical Assistance Program	93.778	\$ 685,428
<b>Total Medicaid Cluster</b>		<b>\$ 685,428</b>
<b>Grand Total of Cluster Federal Awards</b>		<b>\$ 66,655,845</b>

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**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. No material weaknesses in internal control over financial reporting were noted.
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 a federal program 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:

<b>Name of Major Federal/State Programs</b>	<b>CFDA Number</b>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228
Airport Improvement Program	20.106
National Infrastructure Investments	20.933
Capitalization Grants for Clean Water State Revolving Funds	66.458
Asset Forfeiture	N/A - State
Homeless Housing and Services Program	N/A - State
Tuberculosis Elimination	N/A - State

8. For federal awards and state awards, a dollar threshold of \$3,000,000 and \$389,374, 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 and the State of Texas UGMS.

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**II. FINANCIAL STATEMENT FINDINGS SECTION**

**FINDING NO. 2015-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER ACCOUNTING AND REPORTING ACTIVITIES WITHIN CASH AND INVESTMENT POOLS**

**Condition** – The City pools excess cash and investments on hand in order to maximize earnings. It reports “equity in cash and investments” in each fund participating in the respective cash and investment pools. It also maintains a “cash pool fund” and an “investment pool fund” to account for the collective cash and investment balances. Within those funds, however, the City does not properly account for or monitor the participating funds equity in the respective pools. Within the “investment pool fund”, however, there are fund balance accounts amounting to \$1.9 billion.

During the course of the audit, we made inquiries of persons within the Controller’s Office of Operations & Technical Services (OTS) and the Treasury Operations and within the offices of Houston Information Technology Services Department (HITS) as to the basis for determining the “equity in cash and investments” balances within each of the participating funds as well as the fund balance accounts within the “investment pool fund”. We were unable to receive a complete or comprehensive explanation as to how the balances were determined.

Additionally, the City has historically defined cash and cash equivalents for purposes of the statement of cash flows for the enterprise funds to include the entire “equity in cash and investments”. This definition was inconsistent with the definition of cash and cash equivalents under generally accepted accounting principles (GAAP).

In connection with the 2015 Comprehensive Annual Financial Statements (CAFR), the City included a note to the financial statements to properly report each fund’s investment in the respective cash and investment pools using an allocation method; redefined cash and cash equivalents consistent with GAAP; and used a similar allocation method to properly report purchases and sales of investments in the statement of cash flows.

**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.

**Cause** – Inadequate and deficient controls over financial reporting processes and reconciliation of effected accounts in the general ledger.

**Effect or Potential Effect** – The absence of control policies and procedures relevant to financial reporting processes and reconciliation of the pooled cash and investment account activity increases the risk that the City’s financial statements could contain misstatements.

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**Recommendation** – While the City made the above steps to ensure more accurate reporting within its 2015 CAFR, additional steps should be taken to properly account for and monitor participating funds equity in the cash and investment pool funds. We accordingly recommend the following:

- OTS and Treasury Operations should work with HITS to utilize capabilities within SAP to create and maintain system balancing “investment” and corresponding “equity” accounts for each fund participating in the cash and investment pools. This process would include reallocating the fund balance accounts within the “investment pool fund” as part of the “equity” accounts for the participating funds.
- Ensure persons responsible for monitoring the “investment” and “equity” accounts are properly trained.
- Once created, each funds respective “investment” and “equity” accounts should be balanced as part of the regular month end close process, similar to the balancing of interfund accounts.
- Hold regular meetings with participating fund stakeholders to ensure each stakeholder is in agreement with their respective equity positions in the pools.
- Formalize and document procedures used to account for balances within the pools and to allocate earnings within the pools as well as purchases and sales of investments to participating funds.

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

**Corrective Action Plan** – *Controller’s Office of Financial Reporting will coordinate with Controller’s Investments and Operations Divisions and HITS that additional steps are taken to monitor and review participating equity in the cash and investment pool funds.*

**Estimated Completion Date** – *June 30, 2016*

**City Contact Person** – *Deputy City Controller, Financial Reporting Division*

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINDING NO. 2015-002 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL DEBT RELATED ACCOUNTS**

**Condition and Cause** – During our audit of the City’s debt related accounts, we noted the following:

- As of June 30, 2015, The City’s Series 2001B Capital Appreciation Bonds were understated by \$4 million. The error occurred due to the fact that the City had accounted for the future principal payment to be made in September 2015 as a reduction to the principal. As a result, the present value of the bonds as of June 30, 2015 and the accretion interest expense were both understated by \$4 million for the year ended June 30, 2015. The present value is the amount that the City would have paid if the debt was terminated at June 30, 2015.
- In the City’s fund level reporting, a current year repayment of \$11 million on a long-term note payable was recorded as a negative entry to bonds proceeds rather than a principal payment expenditure.
- An annual payment of \$784,000 for a forward contract obtained during the fiscal year to guarantee the payment of the City’s Series 2013Q Tax and Revenue Certificate of Obligation at maturity was erroneously recorded as a principal retirement for that obligation. Consequently, the City also failed to book the annual payment to a separate investment account.

The City made the necessary adjustments to correct the affected June 30, 2015 balances of the above debt related accounts.

**Criteria** – Effective internal controls over debts include processes and procedures for proper valuation of debt and related fund level accounts, ensuring the accuracy of debt transactions and ascertaining that debts are recorded in accordance with U.S. GAAP.

**Effect or Potential Effect** – Inaccurate valuation and recording of debt related transactions increases the risk that the related accounts would be misstated.

**Recommendation** – We recommend management continuously review debt accounting transactions to ensure they are accurate and are recorded in accordance with U.S. GAAP.

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

**Corrective Action Plan** – *Modifications to existing software have been made and tested that will eliminate omissions to debt related transactions and should reduce potential misstatements. A process will be implemented to include reviewing fund level debt entries on a monthly basis.*

**Estimated Completion Date** – *February 1, 2016*

**City Contact Person** – *Deputy City Controller, Debt Division; Deputy City Controller, Financial Reporting and Deputy Director, Finance Department, Financial Reporting and Operations Division*

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINDING NO. 2015-003 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) AND SCHEDULE OF EXPENDITURES OF STATE AWARDS (SESA)**

**Condition** – During our review of both the SEFA and SESA as of June 30, 2015, we noted the following:

- An expenditure award of \$13 million was funded under a federal grant that was passed-through from a state government agency. This award was improperly included in the SESA instead of in the SEFA. Once the error was identified, it was corrected in the current fiscal year.
- A previously disallowed expenditure of \$3 million by a pass-through grantor was included as a federal expenditure in the current year's SEFA through a general journal entry. The error was corrected in the current fiscal year. Additionally, no reimbursement was sought from the funding agency.

**Criteria** – Section 200.510(b) of the Code of Federal Regulation states that nonfederal entities who are recipients of federal awards must prepare a schedule of expenditures of federal awards for the periods covered by the financial statements.

In addition, OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, requires nonfederal entities receiving federal awards establish and maintain internal control designed to ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure both the SEFA and SESA agree to financial statements and records.

**Cause** – With respect to misclassification of expenses between federal and state programs, it was noted that the general ledger account set-up was not properly compared with the underlying internal documents that indicated such expenditures being derived from federal sources. Additionally, the grant award document did not identify that this was a federal grant and was missing CFDA information. With respect to incorrect recording of \$3 million journal entry, this was a result of improper review of closing journal entries being posted to the grant expenditures.

**Effect or Potential Effect** – Inaccurate identification of expenditures for state and federal awards results in improper presentation of SEFA and SESA in accordance with the criteria specified above and also impacts determination of major federal and state programs. Additionally, recording of disallowed expenditures to a federal grant will result in a questioned costs as well as noncompliance with allowable costs / cost principles.

**Recommendation** – We recommend that designated personnel at the departmental level should be cognizant of the grant application and other related documents that would indicate the source of grant funding. Once awarded, grant documents should be thoroughly reviewed to confirm the source of funding, including identification of CFDA numbers. If the grant award document is missing such identification, representatives at the grantor agency should be approached to identify such missing information to avoid any misrepresentation on the SEFA / SESA. Additionally, grant set-up documents that form the basis of identification of the type of funds (i.e., federal, state or local) should be thoroughly reviewed before general ledger accounts / funds are set-up.



**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Corrective Action Plan** – *Departmental communications and diligent and thorough review of grant set up documents will occur in order to ensure accuracy in SAP during the grant set up process. Upon receipt of the initial grant set up request, Grant Management after its preliminary set up, will continue to communicate with Departments for a final review before the grant is activated in SAP. Further, Grant Management will continue to release periodic SEFA reports for department review. This process is being strengthened to include verification of award type, sponsor and CFDA number; allowable or unallowable expenditures; and programs or grants that are not included in SAP.*

**Estimated Completion Date** – *April 1, 2016*

**City Contact Person** – *Deputy Assistant Director, Finance Department, Financial Reporting and Operations, Grant Management*

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
<p><b>Capitalization Grants for Clean Water State Revolving Funds – CFDA #66.458</b></p>	<p><b>FINDING NO. 2015-004 - COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH SPECIAL TESTS AND PROVISIONS (WAGE RATE REQUIREMENTS)</b></p> <p><b>Conditions</b> – During the course of our test for the City’s compliance with the Wage Rate Requirements related to obtaining weekly certified payrolls from its prime and subcontractors, we noted no weekly certified payrolls were obtained from five of 40 prime contractors and 55 of 182 subcontractors selected for testing. Of the total weekly certified payrolls tested, we noted 162 were on file and found to be in compliance with the Wage Rate Requirements.</p> <p>Additionally, in three of 20 subcontractors’ agreements reviewed did not include provisions requiring compliance with the Davis Bacon Act provisions.</p> <p><b>Criteria</b> – The OMB Circular A-133 Wage Rate Requirements (also known as 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. Additionally, the City should have included in its construction contracts with its contractors a provision requiring compliance with Wage Rate Requirements including a clause requiring this provision in the contractors’ agreements with their sub-contractors in all City funded projects.</p> <p><b>Cause</b> – Lack of controls in place to ensure subcontractors are submitting payroll certifications on time and standard constructions agreement template was not updated to include Wage Rate Requirements clause.</p> <p><b>Effect</b> – The City is not in compliance with the requirements set forth in the grant agreement and the Wage Rate Requirements compliance requirement.</p> <p><b>Recommendation</b> – The Office of Business Opportunity (OBO) should review current policies and the Wage Rate Requirements compliance requirement. OBO should implement a process that promotes communication between the department and the contractor and identifies missing or untimely certified payroll submissions. OBO should implement a process that promotes inclusion of Wage Rate Requirements clause in agreements with construction contractors.</p> <p><b>Views of Responsible Officials</b> – <i>Management does not disagree with this finding.</i></p> <p><b>Corrective Action Plan of Management</b> – <i>OBO has obtained information for the 44 missing payrolls. Of the remaining 16 missing certified payrolls, five are from a subcontractor that is no longer in business and the prime contractor has been unable to retrieve them. OBO is working closely with the prime and the subcontractors to retrieve the payrolls for the remaining.</i></p>	<p>None Noted</p>

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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*OBO will continue to communicate with the contracting departments to identify and obtain missing or untimely certified payroll information. In addition, the contracting departments will be included in face-to-face meetings with prime and subcontractors to address their delinquencies.*

*OBO has increased staffing, by hiring three additional compliance officers over the past eight months however the Department is still understaffed in the compliance area.*

**Estimated Completion Date** – *March 1, 2016*

**City Contact Person** – *Division Manager, Contract Compliance Section, Office of Business Opportunity.*

**CITY OF HOUSTON, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

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

**Finding** – 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.

**Recommendation** – The departments 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.

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 on-going 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.

**Status** – *The Houston Information Technology Services radio project was fully capitalized during FY2015, reversing the prior year summary capitalization. A process to review all WIP monthly (after the prior year end close) was developed in 2015 to look at budget vs. actual reviewing percentage of completion over 85 percent. All eligible projects are being capitalized on a timely basis in the year of completion. Additional guidance for financial reporting was provided to city-wide personnel responsible for capital projects. The above finding was resolved.*

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
<b>Capitalization Grants for Clean Water State Revolving Funds - CFDA # 66.458</b>	<b>FINDING NO. 2014-002 - COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL COMPLIANCE WITH DAVIS BACON ACT REQUIREMENTS</b>	None
	<b>Finding</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.	
	<b>Perspective</b> – 30 (thirty) samples were selected to test compliance with the Davis Bacon Act requirements of which 9 (nine) samples had exceptions.	
	<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.	
	<b>Status</b> – <i>This finding is repeated in FY2015 as Finding No. 2015-004. OBO has reviewed the Davis-Bacon Compliance requirements and has implemented process to adhere to such requirements. Effective August 1, 2015, OBO and the City’s Legal Department have included new contract language for all relevant projects allowing a penalty for non-submission of certified payrolls which have been applied to all projects advertised after that date. Prime contractors are required to submit an affidavit each month affirming that certified payrolls have been submitted in order to ensure their monthly payment.</i>	