

CITY OF HOUSTON, TEXAS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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 20, 2017.

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 7.8%, 15.2% and 9.2%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 6.3%, 21.3% and 13.6%, 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. Except for the Houston Forensic Science Center, OST/Almeda Corridors Redevelopment Authority, Midtown Redevelopment Authority and Uptown Development Authority, which were audited under *Governmental Auditing Standards*, all other governmental and business-type discretely presented component units audited by other auditors were not audited in accordance with *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 20, 2017
Houston, Texas

**Independent Auditors' Report on Compliance for Each Major Federal and State Program and
Report on Internal Control over Compliance Required by the Uniform Guidance 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 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, 2017. 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 federal and State of Texas statutes, regulations, and the terms and conditions of its federal and state awards 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of the State of Texas UGMS. Those standards, the Uniform Guidance and the State of Texas 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the State of Texas UGMS, and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002 and 2017-003. 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 the Uniform Guidance and the State of Texas UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or a 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 a 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002 and 2017-003 that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas UGMS. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas 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 the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State of Texas UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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, 2017. 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.

 

November 20, 2017
Houston, Texas

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL AWARDS

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
US Department of Agriculture Food and Nutrition Services					
Direct Awards					
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	SNAP-FSUP-15-TX-01	NA	\$ -	\$ 84,267
Total Direct Awards				-	\$ 84,267
Pass-Through Awards					
<i>Texas Department of State Health Services</i>					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16166TX506W1003	2016-048773-001	\$ -	\$ 2,810,554
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	176TX506W1003	2017-049799-01	-	8,462,767
<i>Total Texas Department of State Health Services</i>				-	11,273,321
<i>Texas Department of Agriculture Food and Nutrition Services</i>					
Child and Adult Care Food Program	10.558	176TX332N1050	TX101100701525	-	136,704
Child and Adult Care Food Program	10.558	176TX332N1050	TX101100701525	-	834,466
				-	971,170
Summer Food Service Program for Children	10.559	176TX332N1099	TX101100701525	-	456,244
Summer Food Service Program for Children	10.559	176TX332N1099	TX101100701525	-	668,760
				-	1,125,004
<i>Total Texas Department of Agriculture Food and Nutrition Services</i>				-	2,096,174
Total Pass-Through Awards				\$ -	\$ 13,369,495
Total US Department of Agriculture Food and Nutrition Services				\$ -	\$ 13,453,762
US Department of Housing and Urban Development					
Direct Awards					
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-48-0018	NA	\$ -	\$ 4,016
Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-48-0018	NA	-	167,771
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-48-0018	NA	-	707,011
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-48-0018	NA	-	5,844
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-48-0018	NA	-	416,002
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-48-0018	NA	-	828,187
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-48-0018	NA	126,383	345,101
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0018	NA	273,744	3,197,385
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-48-0018	NA	1,674,142	4,791,913
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0018	NA	1,209,765	9,760,239
Community Development Block Grants/Entitlement Grants	14.218	B-02-MC-48-0018	NA	-	103,553
Community Development Block Grants/Entitlement Grants	14.218	B-01-MC-48-0018	NA	-	27,153
Community Development Block Grants/Entitlement Grants	14.218	B-00-MC-48-0018	NA	-	217,695
Community Development Block Grants/Entitlement Grants	14.218	B-16-MH-48-0001	NA	-	158,964
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	NA	-	1,315
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	NA	-	1,490
Community Development Block Grants/Outstanding Loans	14.218	ADH0016,ADH0010, ADH0021,RRLO061, RRLO060,RRLO055, RRLO056,RRLO262	NA	-	25,018,520
				3,284,034	45,752,159

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Emergency Solutions Grant Program	14.231	E-14-MC-48-0002	NA	16,866	20,294
Emergency Solutions Grant Program	14.231	E-15-MC-48-0002	NA	1,462,527	1,542,523
Emergency Solutions Grant Program	14.231	E-16-MC-48-0002	NA	185,461	195,408
				<u>1,664,854</u>	<u>1,758,225</u>
Home Investment Partnerships Program	14.239	M-01-MC-48-0206	NA	-	40,326
Home Investment Partnerships Program	14.239	M-05-MC-48-0206	NA	-	1,921,584
Home Investment Partnerships Program	14.239	M-07-MC-48-0206	NA	-	618,020
Home Investment Partnerships Program	14.239	M-08-MC-48-0206	NA	-	83,666
Home Investment Partnerships Program	14.239	M-09-MC48-0206	NA	-	4,152
Home Investment Partnerships Program	14.239	M-10-MC-48-0206	NA	-	2,332
Home Investment Partnerships Program	14.239	M-11-MC-48-0206	NA	-	1,085,653
Home Investment Partnerships Program	14.239	M-12-MC-48-0206	NA	-	139,926
Home Investment Partnerships Program	14.239	M-13-MC-48-0206	NA	-	1,096,692
Home Investment Partnerships Program	14.239	M-14-MC-48-0206	NA	-	3,468,270
Home Investment Partnerships Program	14.239	M-15-MC-48-0206	NA	-	272,675
Home Investment Partnerships Program	14.239	M16-MC-48-0206	NA	-	780,118
		HWA0009, ADH0011, RRL0047, RRL0051, RRL0066, ADH0041, RRL0057, UHM0015	NA	-	15,219,349
Home Investment Partnerships Program /Outstanding Loans	14.239			-	<u>24,732,763</u>
Housing Opportunities for Persons with AIDS	14.241	TXH11F003	NA	3,685	25,906
Housing Opportunities for Persons with AIDS	14.241	TXH12F003	NA	153,368	153,368
Housing Opportunities for Persons with AIDS	14.241	TXH13F003	NA	305,215	305,215
Housing Opportunities for Persons with AIDS	14.241	TXH14F003	NA	2,734,941	2,734,941
Housing Opportunities for Persons with AIDS	14.241	TXH15F003	NA	5,394,148	5,447,372
Housing Opportunities for Persons with AIDS	14.241	TXH16F003	NA	544,697	849,369
Housing Opportunities for Persons with AIDS/Outstanding Loans	14.241	HWA0009	NA	-	2,446,494
				<u>9,136,054</u>	<u>11,962,665</u>
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0260-13	NA	-	27,119
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0288-15	NA	-	1,189,657
				-	<u>1,216,776</u>
Total Direct Awards				\$ 14,084,942	\$ 85,422,588
Pass-Through Awards					
<i>Texas General Land Office</i>					
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	13-181-000-7294	13-181-000-7294	\$ -	\$ 11,528,799
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	13-181-000-7295	13-181-000-7295	-	2,032,653
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	14-236-000-8329	14-236-000-8329	-	35,848
Total Texas General Land Office				-	<u>13,597,300</u>
Total Pass-Through Awards				\$ -	\$ 13,597,300
Total US Department of Housing and Urban Development				\$ 14,084,942	\$ 99,019,888

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
US Department of the Interior Fish and Wildlife Service					
Texas Parks and Wildlife Department					
Enhanced Hunter Education and Safety	15.626	CT#433041	CT#433041	\$ -	\$ 2,659
Total Texas Parks and Wildlife Department				-	2,659
Harris County Judge's Office					
Coastal Impact Assistance Program	15.668	F12AF01247	F12AF01247	-	320,788
Total Harris County Judge's Office				-	320,788
Total US Department of the Interior Fish and Wildlife Service				\$ -	\$ 323,447
US Department of Justice					
Direct Awards					
Services for Trafficking Victims	16.320	2016-VT-BX-K010	NA	\$ -	\$ 19,063
Missing Children's Assistance	16.543	2015-MC-FX-K046	NA	-	328,409
				-	347,472
Public Safety Partnership and Community Policing Grants	16.710	2013-ULWX0025	NA	-	649,439
Public Safety Partnership and Community Policing Grants	16.710	2014-ULWX0034	NA	-	661,454
				-	1,310,893
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-1068	NA	-	293,377
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0552	NA	-	1,229,100
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0464	NA	1,194,882	1,194,882
				1,194,882	2,717,359
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2015-MO-BX-0006	NA	102,153	109,054
				102,153	109,054
Economic High-Tech and Cyber Crime Prevention	16.752	2016-ZP-BX-0002	NA	-	165,705
				-	165,705
Equitable Sharing Program- Justice	16.922	NA	NA	-	3,315,650
				-	3,315,650
Total Direct Awards				\$ 1,297,035	\$ 7,966,133
Pass-Through Awards					
State of Texas - Governor's Office Criminal Justice Division					
Juvenile Justice and Delinquency Prevention	16.540	2016-JF-FX-0008	3110301	\$ -	\$ 7,654
Crime Victim Assistance	16.575	2015-VA-GX-0009	1359216	-	43,763
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0857	2588605	-	41,773
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0016	2588604	-	55,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0857	3067301	-	47,005
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0857	3054001	-	50,132
Total Edward Byrne Memorial Justice Assistance Grant Program				-	193,910
Total State of Texas Governor's Office Criminal Justice Division					245,327
Total Pass-Through Awards				\$ -	\$ 245,327
Total US Department of Justice				\$ 1,297,035	\$ 8,211,460

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
US Department of Labor Veterans Employment and Training Services					
Direct Awards					
Homeless Veterans Reintegration Program	17.805	SD-29691-16-60-5-48	NA	\$ -	\$ 6,959
Total US Department of Labor Veterans Employment and Training Services				\$ -	\$ 6,959
US Department of Transportation					
Direct Awards					
Airport Improvement Program	20.106	3-48-111-091-2011	NA	\$ -	\$ 77,144
Airport Improvement Program	20.106	3-48-111-100-2013	NA	-	679,142
Airport Improvement Program	20.106	3-48-111-097-2013	NA	-	99,457
Airport Improvement Program	20.106	3-48-110-038-2013	NA	-	138,212
Airport Improvement Program	20.106	3-48-0111-106-2016	NA	-	9,285,287
Airport Improvement Program	20.106	3-48-0290-023-2015	NA	-	430,762
Airport Improvement Program	20.106	3-48-0110-040-2015	NA		293,451
				-	11,003,455
Highway Planning and Construction	20.205	TCSP2001(001)	NA		12
				-	12
National Motor Carrier Safety	20.218	FM-MHP-0230-15-01-00	NA	-	118,395
National Motor Carrier Safety	20.218	FM-MHP-0259-16-01-00	NA	-	297,428
				-	415,823
National Infrastructure Investments	20.933	DTFH61-13-G-00004	NA	-	2,564,102
Total Direct Awards				\$ -	\$ 13,983,392
Pass-Through Awards					
<i>State of Texas - Department of Transportation</i>					
Highway Planning and Construction	20.205	CSJ 0912-71-459	CSJ#0912-71-459	\$ -	\$ (405,164)
Highway Planning and Construction	20.205	CM 2014(929)	CSJ#0912-72-308	-	376,938
Highway Planning and Construction	20.205	STP 1502(250)MM	CSJ#0912-72-310	-	280,276
Highway Planning and Construction	20.205	HSR 2012(195)	CSJ#0912-72-289	-	659,547
Highway Planning and Construction	20.205	STP 1402(103)MM	CSJ#0912-72-276	-	707,349
Highway Planning and Construction	20.205	HP 2010(392)	CSJ#0912-72-072	-	6,849,404
Highway Planning and Construction	20.205	STP2011(255)TE	CSJ#0912-70-078	-	35,236
Highway Planning and Construction	20.205	481602657M30130	CSJ#0912-00-538	-	377,062
				-	8,880,648
State and Community Highway Safety*	20.600	18X9204020TX16	2016-HOUSTONP-S-1YG-0019	-	83,534
State and Community Highway Safety*	20.600	18X9204020TX17	2017-HOUSTONP-S-1YG-0040	-	214,941
State and Community Highway Safety*	20.600	18X9204020TX16	2016-HOUSTONP-S-1YG-0013	-	185,084
State and Community Highway Safety*	20.600	18X9204020TX17	2017-HOUSTONP-S-1YG-0039	-	534,254
				-	1,017,813
National Priority Safety Programs*	20.616	18X920405BTX16	2016-HOUSTONPDCIOT-00034	-	(8,234)
National Priority Safety Programs*	20.616	18X920405BTX17	2016-HOUSTONPDCIOT-00019	-	84,233
National Priority Safety Programs*	20.616	586EGF6219	586EGF6219	-	48,018
National Priority Safety Programs*	20.616	18X920405BTX17	2017-HOUSTONPD-IDM-00003	-	38,715
				-	162,732
<i>Total State of Texas Department of Transportation</i>				-	10,061,193
Total Pass-Through Awards				\$ -	\$ 10,061,193

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Total US Department of Transportation				\$ -	\$ 24,044,585
US Department of Treasury					
Direct Awards					
Equitable Sharing Program - Treasury	21.016	NA	NA	-	\$ 330,389
Total US Department of Treasury				-	\$ 330,389
US General Services Administration					
Pass-Through Awards					
Texas Facilities Commission-Federal Surplus Program Donation of Federal Surplus Personal Property	39.003	NA	NA	\$ -	\$ 143,701
Total US General Services Administration				\$ -	\$ 143,701
US Institute of Museum and Library Services					
Direct Awards					
National Leadership Grants	45.312	SP-02-15-0019-15	NA	\$ -	\$ 12,333
Total Direct Awards				\$ -	\$ 12,333
Pass-Through Awards					
Texas State Library and Archive Commission					
Grants to States	45.310	479-16006	LS-00-15-0044-15	\$ -	\$ 20,659
Grants to States	45.310	723-17005	LS-00-16-0044-16	-	28,100
Total Texas State Library and Archive Commission				-	48,759
Total Pass-Through Awards				\$ -	\$ 48,759
Total US Institute of Museum and Library Services				\$ -	\$ 61,092
US Department of Veterans Affairs					
Direct Awards					
VA Grants for Adaptive Sports Program for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2017-ASG-39	NA	\$ -	\$ 33,187
Total US Department of Veterans Affairs				\$ -	\$ 33,187
US Environmental Protection Agency					
Direct Awards					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94701	NA	\$ -	\$ 73,338
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94801	NA	-	55,765
Total Direct Awards				-	129,103
Total Direct Awards				\$ -	\$ 129,103

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Pass-Through Awards					
<i>Texas Commission on Environmental Quality</i>					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-00F77701	582-15-50041	\$ -	\$ 94,128
				-	94,128
Performance Partnership Grants	66.605	BG-99662716	582-14-40045	-	383,661
				-	383,661
<i>Total Texas Commission on Environmental Quality</i>				-	477,789
<i>Arizona Board of Regents for and behalf of Arizona State University (ORSPA)</i>					
Science to Achieve Results (STAR) Research Program	66.509	RD-83575402-0	16-957	-	1,526
<i>Total Arizona Board of Regents for and behalf of Arizona State University (ORSPA)</i>				-	1,526
<i>Texas Water Development Board</i>					
Capitalization Grants for Clean Water State Revolving Funds	66.458	L120030	L120030	-	302,718
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000149	L1000149	-	5,612,538
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000223	L1000223	-	22,785,274
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000382	L1000382	-	14,454,330
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000508	L1000508	-	2,595,531
				-	45,750,391
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1000222	L1000222	-	10,037,163
				-	10,037,163
Flood Mitigation Assistance	97.029	1500011981	1500011981	-	115,702
				-	115,702
<i>Total Texas Water Development Board</i>				-	55,903,256
Total Pass-Through Awards				\$ -	\$ 56,382,571
Total US Environmental Protection Agency				\$ -	\$56,511,674.00
US Department Of Health and Human Services					
Direct Awards					
<i>Centers for Disease Control and Prevention</i>					
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	6NU50DD000045-01-06	NA	\$ -	\$ 174,620
				-	174,620
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU529S004670-02-01	NA	-	808,853
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004670-03-01	NA	-	715,531
				-	1,524,384
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU81CE002063-05-03	NA	-	70,962
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NH28CE002395-01-02	NA	-	243,150
				-	314,112
Immunization Cooperative Agreements	93.268	6NH23IP000734-04-05	NA	-	527,940
Immunization Cooperative Agreements	93.268	5NH23IP000734-05-00	NA	-	666,458
Immunization Cooperative Agreements	93.268	CCH622532A	NA	-	2,470,352
				-	3,664,750

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000368-02-03	NA	-	269,376
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000368-03-00	NA		1,629,425
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000368-03-04	NA	-	3,925
				-	1,902,726
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	5U50CK000368-02	NA	-	105,277
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	6 NU50CK000368-03-01	NA	-	542,058
					647,335
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in part by Prevention and Public Health Funds	93.539	6NH23IP000734-04-05	NA	-	1,825,490
				-	1,825,490
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in part by the Prevention and Public Health Fund (PPHF)	93.733	1NH231P922560-01-00	NA	-	49,757
					49,757
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	1UE1EH001259-01	NA	-	(1,547)
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	6 NUE1EH001259-02-03	NA		132,948
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	5 NUE1EH001259-03-00	NA	-	220,281
				-	351,682
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	3U50CK000368-01S2	NA	-	330,974
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	6 NU50CK000368-03-03	NA	-	44,074
				-	375,048
HIV Prevention Activities_Health Department Based	93.940	6NU62PS003672-05-02	NA	1,692,814	3,846,720
HIV Prevention Activities_Health Department Based	93.940	6NU62PS003672-05-06	NA	465,694	2,646,362
HIV Prevention Activities_Health Department Based	93.940	1U62PS005050-01	NA	-	1,293,297
HIV Prevention Activities_Health Department Based	93.940	5NU62PS005050-02-00	NA	-	1,885,747
				2,158,508	9,672,126
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004027-04-09	NA	-	763,730
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004027-05-03	NA	-	665,863
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004947-02-02	NA		572,269
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5NU62PS004947-03-00	NA	-	17,213
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS005092-01-02	NA	-	394,212
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS005092-02-03	NA	-	130,124
				-	2,543,411
<i>Total Centers for Disease Control and Prevention</i>				2,158,508	23,045,441
Total Direct Awards				\$ 2,158,508	\$ 23,045,441

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Pass-Through Awards					
<i>Texas Health and Human Services Commission</i>					
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	17AATXT7EA	539-16-0014-00001	\$ 32,525	\$ 32,525
				32,525	32,525
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	16AATXT7OM	539-16-0014-00001	1,045	1,045
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	17AATXT7OM	539-16-0014-00001	65,494	65,494
				66,539	66,539
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	16AATXT3PH	539-16-0014-00001	44,521	58,372
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	17AATXT3PH	539-16-0014-00001	113,364	127,743
				157,885	186,115
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	16AATXT3SS	539-16-0014-00001	202,527	710,594
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	17AATXT3SS	539-16-0014-00001	-	81,702
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	17AATXT3SS	539-16-0014-00001	298,688	1,991,182
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	16AATXT3SS	539-16-0014-00001	-	59,805
				501,215	2,843,283
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	16AATXT3CM	539-16-0014-00001	-	148,329
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	16AATXT3CM	539-16-0014-00001	337,520	346,885
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	16AATXT3HD	539-16-0014-00001	688,426	697,513
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	17AATXT3CM	539-16-0014-00001	-	187,404
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	17AATXT3HD	539-16-0014-00001	-	114,068
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	17AATXT3CM	539-16-0014-00001	1,343,807	1,404,307
Special Programs for the Aging Title III, Part C_Nutrition Services**	93.045	17AATXT3HD	539-16-0014-00001	2,229,537	2,310,959
				4,599,290	5,209,465
National Family Caregiver Support, Title III, Part E	93.052	16AATXT3FC	539-16-0014-00001	61,595	347,707
National Family Caregiver Support, Title III, Part E	93.052	17AATXT3FC	539-16-0014-00001	-	124,044
National Family Caregiver Support, Title III, Part E	93.052	17AATXT3FC	539-16-0014-00001	218,944	840,648
				280,539	1,312,399
Nutrition Services Incentive Program**	93.053	16AATXNSIP	539-16-0014-00001	174,153	174,153
Nutrition Services Incentive Program**	93.053	17AATXNSIP	539-16-0014-00001	1,258,294	1,258,294
				1,432,447	1,432,447
Medicare Enrollment Assistance Program	93.071	16AATXMADR	539-16-0031-00003	-	21,506
Medicare Enrollment Assistance Program	93.071	16AATXMADR	539-16-0031-00003	-	8,517
Medicare Enrollment Assistance Program	93.071	14AATXMAAA	539-16-0014-00001	-	23,011
Medicare Enrollment Assistance Program	93.071	16AATXMAAA	539-16-0014-00001	-	14,235
				-	67,269

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
State Health Insurance Assistance Program	93.324	90SA0101-01-00	539-16-0014-00001	-	104,059
State Health Insurance Assistance Program	93.324	90SAPG0015-01-00	539-16-0014-00001	-	28,061
				-	132,120
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS300151	539-16-0031-00003	-	24,805
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS300151	539-16-0031-00003	-	105,649
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS300151-01-10	539-16-0014-00001	4,060	4,060
				4,060	134,514
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001219	-	28,419
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001219-01	-	1,182,274
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001159	-	19,026
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001159-01	-	232,841
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001208	-	20,908
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-001208-02	-	477,023
Public Health Emergency Preparedness	93.069	CDC-RFA-TP17-1701	2016-004035-00	-	4,050
				-	1,964,541
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	CDC-RFA-TP17-1701	2015-003629-01	-	58,780
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	CDC-RFA-TP17-1701	2016-004159-00	-	358,898
				-	417,678
Hansen's Disease Services	93.215	HHSF223201400076C	2016-001077-00	-	61,843
Hansen's Disease Services	93.215	HHSF223201400076C	2016-001077-01	-	44,632
				-	106,475
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	U62PS003650 H25PS004360	2016-001348-00	-	1,123,598
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	U62PS003650 H25PS004360	2016-001348-01	-	930,204
				-	2,053,802
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009080-01	2016-001186	-	272,845
Preventive Health and Health Services Block Grant	93.991	B01OT009053	2016-003837	-	21,897
Preventive Health and Health Services Block Grant	93.991	B01OT009053	2016-003837-01	-	30,213
				-	324,955
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29327	2016-003868	-	26,278
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29327	2016-003868-01	-	101,186
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28129	2016-003932	-	40,314
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28129	2016-003932-01	-	143,635
Maternal and Child Health Services Block Grant to the States	93.994	6B04MC2932701	2016-048876-001	-	122,796
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30644-01-01	2016-048876-002	-	142,971
				-	577,180
<i>Total Texas Health and Human Services Commission</i>				7,074,500	16,861,307
<i>Association of Food and Drug Officials</i> Food and Drug Administration_Research	93.103	U18FD005016	G-T-1611-04343	-	1,041
<i>The University of Texas Health Science</i> Environmental Health	93.113	5 R01 ES023563-02	0010389A	25,680	82,054

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
<i>Women's Family Planning and Health Association</i>					
Family Planning_Services	93.217	FPHPA066196-01	WHFPT15	-	(1,114)
Family Planning_Services	93.217	FPHPA066196-02	WHFPT16		644,991
Family Planning_Services	93.217	FPHPA066196-03	WHFPT17	-	46,228
<i>Total Women's Family Planning and Health Association</i>				-	690,105
<i>National Association of County and City Health Officials</i>					
Building Capacity of the Public Health System to Improve	93.524	3 U380OT000172-02 S1	2015-121402	-	27,095
<i>Gulf Coast Workforce Board</i>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2815CCMC07	2815CCMC07	-	781
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2817CCMC07	2817CCMC07	-	8,001
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2815CCMC07	2815CCMC07	-	22,994
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2817CCMC07	2817CCMC07	-	129,880
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2816CCMC07	2816CCMC07	-	363,349
<i>Total Gulf Coast Workforce Board</i>				-	525,005
<i>Harris County Public Health Environment Services</i>					
HIV Emergency Relief Project Grants	93.914	6 H89HA000042601	16GEN0186	-	9,289
HIV Emergency Relief Project Grants	93.914	6 H89HA000042701	17GEN0120	-	23,419
<i>Total Harris County Public Health Environment Services</i>				-	32,708
Total Pass-Through Awards				\$ 7,100,180	\$ 18,219,315
Total U.S. Department Of Health and Human Services				\$ 9,258,688	\$ 41,264,756
Corporation for National and Community Service					
Social Innovation Fund	94.019	11SIHDC001	11SIHDC001	\$ -	\$ 103,406
<i>Total Corporation for National and Community Service</i>				\$ -	\$ 103,406
Office of National Drug Control Policy					
Direct Awards					
High Intensity Drug Trafficking Areas Program	95.001	G15HN0001A	NA	\$ -	\$ 385,395
High Intensity Drug Trafficking Areas Program	95.001	G16HN0001A	NA	-	3,098,813
				-	3,484,208
<i>Total Office of National Drug Control Policy</i>				\$ -	\$ 3,484,208
U.S. Department of Homeland Security					
Direct Awards					
Assistance to Firefighters Grant	97.044	EMW-2014-FO-02023	NA	\$ -	\$ 122,219
				-	122,219
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2014-FH-00682	NA	-	3,226,544
					3,226,544
Port Security Grant Program	97.056	EMW-2014-PU-00192	NA	-	144,833
Port Security Grant Program	97.056	EMW-2015-PU-00254	NA	-	895,908
				-	1,040,741

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, 2017

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Securing the Cities Program	97.106	2015-DN-106-000001-02	NA	-	293,633
				-	293,633
Total Direct Awards				\$ -	\$ 4,683,137
Pass-Through Awards					
<i>Governor's Division of Emergency Management</i>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4223-TX	DR-4223-TX	\$ -	\$ 233,121
				-	233,121
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	08-35000-01	08-35000-01	-	27,041
				-	27,041
<i>Total Governor's Division of Emergency Management</i>				-	260,162
<i>Texas Department of Public Safety</i>					
Hazard Mitigation Grant	97.039	DR-4223-071	DR-4223-071		11,160
					11,160
Emergency Management Performance Grants	97.042	16TX-EMPG-0357	2016-EP-00011	-	269,690
					269,690
<i>Total Texas Department of Public Safety</i>				-	280,850
<i>Texas Office of the Governor, Homeland Security</i>					
Homeland Security Grant Program	97.067	EMW-2016-SS-00056	EMW-2016-SS-00056	-	63,786
Homeland Security Grant Program	97.067	EMW-2015-SS-00080	EMW-2015-SS-00080	-	80,054
Homeland Security Grant Program	97.067	EMW-2016-SS-00056	EMW-2016-SS-00056	-	3,557,646
Homeland Security Grant Program	97.067	EMW-2015-SS-00080	EMW-2015-SS-00080	-	5,908,021
<i>Total Office of the Governor, Homeland Security</i>				-	9,609,507
<i>Texas Commission on Environmental Quality</i>					
Homeland Security Biowatch Program	97.091	998117	582-16-60020	-	774,261
				-	774,261
Total Pass-Through Awards				\$ -	\$ 10,924,780
Total U.S. Department of Homeland Security				\$ -	\$ 15,607,917
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 24,640,665	\$ 262,600,431
<u>Cluster Title</u>				<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
* Highway Safety Cluster				\$ -	\$ 1,180,545
** Aging Cluster				6,532,952	9,485,195
Total Cluster - Federal Awards				\$ 6,532,952	\$ 10,665,740

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, 2017

STATE AWARDS

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Awards Expenditures</u>
Office of the Attorney General				
Victim Coordinator Liaison	OAG-1662345	NA	\$ -	\$ 7,553
Victim Coordinator Liaison	OAG-1771922	NA	-	36,386
Total Office of the Attorney General			-	43,939
Office of the Governor Criminal Justice Division				
Internet Crimes A/C-T/F	2745203	NA	-	64,782
Internet Crimes A/C-T/F	2745202	NA	-	239,949
			-	304,731
Body-Worn Camera Program	3038201	NA	-	309,930
Juvenile Case Manager Program Delinquency Prevention Initiative	2686103	NA	-	6,514
			-	316,444
<i>Passed through Pasadena Independent School District</i>				
SJIP Gang Intervention Services	3095801	NCA-C77056	-	729
Total Office of the Governor Criminal Justice Division			-	621,904
Texas Automobile Theft Prevention Authority				
HACTF/24	608-16-HPD-0000	NA	-	145,143
HACTF/25	608-17-HPD-0000	NA	-	612,346
Total Texas Automobile Theft Prevention Authority			-	757,489
Texas Health and Human Services Commission				
ADRC Operations SGR*	539-16-0031-00003	NA	-	551,358
ADRC Promoting Independence*	539-16-0031-00003	NA	-	14,213
ADRC Texas Lifespan*	539-16-0031-00003	NA	-	2,426
			-	567,997
Community Diabetes	2016-003872-00	NA	-	71,426
Community Diabetes	2016-003872-01	NA	-	91,925
			-	163,351
IDCU Surveillance	2016-3777-02	NA	-	120,554
IDCU/SUR EBOLA	2016-003853	NA	-	101,826
			-	222,380
Tuberculosis Elimination	2016-001451	NA	-	378,734
Tuberculosis Elimination	2016-001451-01	NA	-	1,455,693
			-	1,834,427
CHS TTL V Prenatal Dental	2016-003884-00	NA	-	11,810
CHS TTL V Prenatal Dental	2016-003884-01	NA	-	8,403
			-	20,213
Nurse Family Partnership	529-16-0003-000	529-16-0003-000	-	135,204
Nurse Family Partnership	529-16-0003-00006A	529-16-0003-00006A	-	591,773
			-	726,977
Immunization State	2016-001078	NA	-	250,651
Immunization State	2016-001078-01	NA	-	1,151,459
			-	1,402,110

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, 2017

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Awards Expenditures</u>
State General Revenue	539-16-0014-00001	NA	778,533	816,678
Lifespan Respite Care Program	539-14-0190-00002	NA	-	102,289
Local Public Health Services	1 NB01OT009080-01	2016-001186	-	59,366
Healthy Texas Women	529-16-0132-00037	NA	-	416,708
Total Texas Health and Human Services Commission			778,533	6,332,496
Texas Department of Housing and Community Affair				
HHSP GR	63160002700	NA	196,204	196,204
HHSP GR (STATE)	63160002289	NA	416,180	478,941
HHSP GR (STATE)	63170002530	NA	785,817	876,118
Total Texas Department of Housing and Community Affair			1,398,201	1,551,263
Texas Department of Transportation				
Texas Mobility Fund Project Off System**	CSJ# 0912-70-082	NA	-	7,736,880
A Proposition 12, Program 2 Off System Reconstruction Project**	0912-70-064	NA	-	538,925
Total Texas Department of Transportation			-	8,275,805
Texas Parks and Wildlife Department				
Vamos A Pescar	478174	NA	-	5,000
Emancipation Park (Rider)	55-000028	NA	-	1,117,740
Total Texas Parks and Wildlife Department			-	1,122,740
Texas State University				
Tobacco Sting /5			-	31,011
Tobacco Sting /6			-	73,141
Total Texas State University			-	104,152
Texas Department of Family and Protective Services				
<i>Passed through Harris County Protective Services</i>				
CYD United Minds	24426974	12/0104	-	138
CYD United Minds	24426974	12/0104	-	1,318
			-	1,456
CYD Campo Del Sol	24426974	15/0171	-	16,961
CYD Campo Del Sol	24426974	17/0035	-	12,460
			-	29,421
Total Texas Department of Family and Protective Services			-	30,877
Texas Commission on Environmental Quality				
<i>Passed through Houston-Galveston Area Council</i>				
Environment Surveillance***	17-16-05	17-16-05	-	78,748
Data Management***	16-16-G05	16-16-G05	-	57,361
H-GAC Solid Waste***	17-16-04	NA	-	41,640
HGAC -Clean Rivers	583-16-60168	CE-17-067	-	67,348
Total Texas Commission on Environmental Quality			-	245,097
TOTAL EXPENDITURES OF STATE AWARDS			\$ 2,176,734	\$ 19,085,762
Cluster Title			Passed Through to Subrecipients	Total State Awards Expenditures
* ADRC Cluster			\$ -	\$ 567,997
** Transportation Cluster			-	8,275,805
*** Solid Waste Implementation Cluster			-	177,749
Total Cluster - State Awards			\$ -	\$ 9,021,551

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, 2017

1. The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activities, respectively, of the City of Houston, Texas (the "City") under programs of the federal and state governments for the year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS), respectively. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements.
2. Expenditures reported on the schedules are 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. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards Uniform Guidance, or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. Federal and state awards provided to subrecipients are treated as expenditure when the City is notified by the subrecipient of the expenditure. 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. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
4. The City did not elect to use the 10% de minimis indirect cost rate since it either charges indirect cost specifically approved in a grant award document or, when allowed, allocates indirect cost rate previously approved from its cognizant agency. These rates determine the recovery of indirect costs incurred from the delivery of federal and state grant funded programs and Enterprise and Internal Service Fund charge backs.
5. Federal and state awards are reported in the City's Comprehensive Annual Financial Report (CAFR) as follows (in thousands):

	Federal	State
Grant Funds	\$ 149,479	\$ 19,086
Housing and Urban Development	42,684	-
Equitable Sharing Program (Special Revenue Funds)	3,646	-
Enterprise Fund-Combined Utility System (TX Water Board)	55,788	-
Enterprise Fund-Airport System Fund	11,003	-
Total	<u>\$ 262,600</u>	<u>\$ 19,086</u>

6. **Noncash Awards** – The City received donated vaccines directly from the federal government under CFDA No. 93.268 which were reported at assessed value provided by the federal agency. The amount of such donated vaccines issued/consumed for the year ended June 30, 2017 was \$2,470,352 and was

CITY OF HOUSTON, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

reported as federal award expenditures in the schedule of expenditures of federal awards. The value of donated vaccines as of year ended June 30, 2017 is \$407,777.

In fiscal year 2017, the City received an aircraft display through the Texas Facilities Commission's Federal Surplus Property Program. The value of such donated property was assessed by the Texas Facilities Commission and amounted to \$143,701. The City has reported receipt of this donated property as federal award expenditures under CFDA 39.003.

7. **Loan Outstanding** – The City had the following direct federal loan balances outstanding at June 30, 2017 that were reported as federal award expenditures in the schedule of expenditures of federal awards.

Program Title	CFDA Number	Amount Outstanding June 30, 2017
Community Development Block Grant	14.218	\$ 25,018,520
HOME Investment Partnerships Program	14.239	\$ 15,219,349
Housing Opportunities for Persons with HIV/AIDS	14.241	\$ 2,446,494
Section 108 Guaranteed Loan Program	14.248	\$ -

In July 2016, the City wrote off an amount of \$333,893 through a withdrawal from the City's Economic Development Initiative account to repay itself for the portion of loan losses covering businesses that received assistance under the Section 108 Guaranteed Loan Program (CFDA 14.248) administered by one of its grantees.

In October 2016, the City wrote off an additional amount of \$1,540,646 to a grantee with respect to a loan under the Section 108 Guaranteed Loan Program (CFDA 14.248) and simultaneously entered an Agreement of Resolution that will require bridge financing on future economic development projects proposed by the City which should also meet the grantee's economic development underwriting criteria.

8. **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.
9. **Subsequent Event** – The City has evaluated subsequent events through November 20, 2017; the date the schedules of expenditures of federal and state awards were available to be issued. No changes were made, or necessary to be made, to these schedules as a result of this evaluation.

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the basic financial statements expressed an unmodified opinion.
2. No material weakness in internal control over financial reporting was identified.
3. No significant deficiency in internal control over financial reporting was identified.
4. No instances of noncompliance considered material to the basic financial statements were disclosed in the audit.
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. Significant deficiencies in internal control over compliance with requirements applicable to major federal and state programs were identified but none of those were considered material weaknesses.
7. Audit findings were identified that are required to be reported in accordance with 2 CFR Section 200.516(a).
8. For federal awards and state awards, a dollar threshold of \$3,000,000 and \$572,573, respectively, was used to distinguish between Type A and Type B programs, as defined in the Uniform Guidance and State of Texas UGMS, respectively.
9. The City did not qualify as a low-risk auditee, as defined in the Uniform Guidance and the State of Texas UGMS.
10. The City's major federal programs determined per Uniform Guidance were as follows:

	Name of Major Federal Programs	CFDA Number
1	Community Development Block Grants/Entitlement Grants	14.218
2	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228
3	Housing Opportunities for Persons with AIDS	14.241
4	Equitable Sharing Program-Justice	16.922
5	Airport Improvement Program	20.106
6	Highway Planning and Construction	20.205
7	Immunization Cooperative Agreements	93.268
8	High Intensity Drug Trafficking Areas Program	95.001
9	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

11. The City's major state programs determined per State of Texas UGMS were as follows:

	Name of Major State of Texas Programs
1	Aging and Disability Resource Center (ADRC) Cluster: <ul style="list-style-type: none">- ADRC Operations SGR- ADRC Promoting Independence- ADRC Texas Lifespan
2	Body-Worn Camera Program
3	Emancipation Park (Rider)
4	Highway Planning and Construction Cluster (state funded portion): <ul style="list-style-type: none">- Texas Mobility Fund Project Off System- A Proposition 12, Program 2 Off System Reconstruction Project
5	Tuberculosis Elimination
6	Immunization Cooperative Agreements (state funded portion)
7	Nurse Family Partnership Program

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

II. FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

Program	Finding/Noncompliance	Questioned Costs
Airport Improvement Program – CFDA #20.106	FINDING NO. 2017-001: COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH REPORTING REQUIREMENTS	
	Condition – During the course of our test for the City’s compliance with the reporting requirements, we noted that three (3) out of the four (4) quarterly Federal Financial Reports (SF-425) were submitted late to the grantor agency ranging from sixty-four (64) to over two-hundred-forty-six (246) days.	None identified
	Criteria – The grantor requires submittal of SF-425 reports within 30 days of the end of each quarter.	
	Perspective Information – The City informed us that the grantor agency notified the City of such late submittals and a corrective action was submitted to the grantor agency subsequent to fiscal year 2017. We were informed by the City that the corrective action was accepted by the grantor agency and since then have been implemented.	
	Cause – In the current fiscal year, Houston Airport System experienced a high turnover of personnel resulting in a lapse of proper oversight and coordination between personnel responsible for preparing quarterly SF-425 reports.	
	Effect or Potential Effect – The City was not in compliance with the reporting requirements set forth by the grantor.	
	Identification of Repeat Finding – Not applicable since this is a new finding.	
	Recommendation – Management should improve coordination of departmental personnel and strengthen internal control process for timely preparation and submittal of all required reports to the grantor.	
	Views of Responsible Officials – Management does not disagree with this finding.	
	Corrective Action Plan of Management – Management implemented a quarterly grant compliance review process to ensure all grant submittal requirements are submitted on a timely basis. Since the establishment of this process, all Federal Financial Reports have been submitted timely.	
	Completion Date – September 2017	
	City Contact Person – J’ Maine Chubb, Assistant Director and Tracy Tuckerson, Division Manager	

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION
(CONTINUED)

Program	Finding/Noncompliance	Questioned Costs
	<p>FINDING NO. 2017-002: COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH WAGE RATE REQUIREMENTS</p>	
Emancipation Park (Rider)	<p>Condition – We noted that the City did not establish a general prevailing wage rates for project expenses that were paid out from program funds.</p> <p>Criteria – The City was required to comply with the Texas prevailing wages requirements established in Texas Government Code Chapter 2258 per the program instructions related to the grant program. Texas Government Code Chapter 2258 requires the City to determine the general prevailing rate of per diem wages in the locality in which the work is to be performed either by conducting a survey related to such wages or through using the wage rates determined by the U.S. Department of Labor in accordance with the Davis-Bacon Act.</p> <p>Perspective Information – State assurances incorporated in the State of Texas Uniform Guidance includes compliance with the Chapter 2258 requirements. General provisions that incorporate these requirements were included as part of the grant document that originated in 2008 but were incorporated in the current grant via a reference. The grant document also, through a general reference, required compliance with all state regulations.</p> <p>Cause – Program management personnel believe that the grant document contained only a general reference for compliance with all state regulations and was not specific about compliance specific to the Texas prevailing wages requirements established in Texas Government Code Chapter 2258. Hence, management was not aware that they were required to meet this requirement.</p> <p>Effect or Potential Effect – The City is not in compliance with the requirements with the Texas prevailing wage requirements established in Texas Government Code Chapter 2258. Wage rate requirements cannot be enforced since vendor contracts did not incorporate compliance with such requirements.</p> <p>Identification of Repeat Finding – Not applicable since this is a new finding.</p>	None identified

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Recommendation – Management should strengthen its compliance with all grant requirements. Program instructions provided to prospective grantees should be thoroughly reviewed to identify all program requirements associated with the grant. Additional inquiries should be conducted from the funding agency to ensure all compliance requirements are identified.

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

Corrective Action Plan of Management – Management intends to revamp its internal process to ensure all grant requirements are thoroughly reviewed, monitored and promptly communicated to all contractors who work on grant projects.

Estimated Completion Date – January 5, 2018

City Contact Person – Cheryl D. Johnson, Deputy Director of Management and Finance Division

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION
(CONTINUED)

Program	Finding/Noncompliance	Questioned Costs
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228	FINDING NO. 2017-003: COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH REPORTING REQUIREMENTS	None identified
	Condition – During the course of our test for the City's compliance with the reporting requirements, we noted that Section 3 quarterly Progress Reports submitted to the grantor agency erroneously reported cumulative data instead for the activity pertaining to that quarter resulting in submission of inaccurate reports. We noted that two (2) out of the four (4) quarterly Progress Reports that we selected for testing had errors.	
	Criteria – The grantor requires submittal of Section 3 quarterly Progress Reports to report data that pertains to that quarter.	
	Perspective Information – Management later concluded that all progress reports submitted during the City's fiscal year were inaccurate and would need to be corrected and re-submitted to the grantor agency.	
	Cause – Personnel turnover and lack of adequate supervision and training of new staff personnel.	
	Effect or Potential Effect – The City was not in compliance with the reporting requirements set forth by the grantor.	
	Identification of Repeat Finding – Not applicable since this is a new finding.	
	Recommendation – Management should review all previous submitted Section 3 Progress Reports for the program year and re-submit these reports to the grantor agency as needed. Additionally, there is a need to properly train staff personnel to ensure proper preparation of Section 3 reports. Adequate supervision and review process should be in place to ensure prepared reports are accurate and properly supported with underlying records.	
	Views of Responsible Officials – Management does not disagree with this finding.	

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Corrective Action Plan of Management – Management intends to update its internal procedures to reflect a more comprehensive preparation and review of data reported through contract management systems to retain accuracy and integrity of all submittals in compliance with program rules and regulations.

Estimated Completion Date – January 5, 2018

City Contact Person – Chrystal Boyce, Division Manager

CITY OF HOUSTON, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

I. STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

FINDING NO. 2016-001 – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER SWAPS AND DEBT REFUNDING TRANSACTIONS

Condition – During our review of the City’s debt transactions for the year, we identified the following weaknesses in internal controls over debt related accounts that when taken together, are considered a material weakness:

- In our review of the City’s calculation and recording of the fair value change of its swap accounts, a hedging derivative instrument, we noted the related deferred outflow of resources account and the related liability balances as of June 30, 2016, were both understated by \$11.3 million. The error was due to the failure to properly obtain a fair market valuation for recording the year-end balance for its reduced notional and hypothetical swaps.
- An error was noted on the City’s calculation of gain or loss for the refunding of a long-term debt. This was due to the failure to exclude the bond proceeds from a portion of the bond offering related to new money in determining the reacquisition price for the refunded debt. As a result, deferred outflow of resources due to bond refunding and interest expense during the year were both overstated by \$244 million and \$1.4 million, respectively.

The swap transaction is considered significant and complex to the City’s accounting process wherein third party service organizations were contracted to provide the necessary financial expertise to address the complexities. The refunding transaction, while also significant and complex, requires a highly technical understanding of all the inputs to appropriately calculate the deferred refunding amount. In addition, the City experienced turnover in a key management position that is responsible for overseeing, analyzing, and ensuring the accuracy of debt related transactions and valuations. The City’s ability to appropriately address and research the complexities associated with the fiscal year ended June 30, 2016 debt transactions were significantly impacted due to the loss of the key personnel.

The City made the necessary adjustments to correct the errors identified and, as a result, our opinion on the City’s financial statements is unmodified.

Recommendation – We recommend the City strengthen its internal control procedures over debt transactions to ensure:

- A more in-depth review and understanding of the fair value report related to its swap accounts by verifying that inputs, assumptions, measurements and methodologies used are in accordance with U.S. GAAP.
- Management obtains a reasonable assurance of controls placed in operation by third party service organization contracted to provide information that are relevant in the determination of account balances at year-end.

CITY OF HOUSTON, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

- Adequate research of technical guidance in determining the proper reporting and accounting treatment of unique and complex transactions.
- Key accounting personnel obtain training to develop the needed competencies to properly apply and implement complex accounting guidance.

Status – *Corrective action was taken hence not repeated in fiscal year 2017.*

CITY OF HOUSTON, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINDING NO. 2016-002 – 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.

As of June 30, 2016, the “cash pool fund” had a negative balance though the combined funds were positive. The City’s accounting system does not track each fund’s equity in the pools by type and alternative accounting procedures had to be employed to assess the proper cash balance in each of the funds participating in the pool.

In connection with the 2016 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 U.S. GAAP; and used a similar allocation method to properly report purchases and sales of investments in the statement of cash flows.

Recommendation – As recommended in the prior years, the City should take appropriate steps to properly account for and monitor participating funds’ equity in the cash and investment pool funds. We accordingly recommend the following:

- Controller’s Office of Operations and Technical Services (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.
- Monitoring the “cash” and related “equity” accounts to appropriately flag accounts in jeopardy of incurring negative cash position.
- Once created, each fund’s respective “investment”, “cash” 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.

Status – *Corrective action was taken hence not repeated in fiscal year 2017.*