



SINGLE AUDIT REPORT
For the Fiscal Year Ended
September 30, 2013
CITY OF FORT WORTH, TEXAS



photo courtesy of Brian Luenser and Sundance Square

Single Audit Report

For the Fiscal Year Ended
September 30, 2013

CITY OF FORT WORTH, TEXAS

Elected Officials

2013 City Council

Betsy Price, Mayor

Kelly Allen Gray
Salvador Espino
Danny Scarth
Joel Burns

Jungus Jordan
Dennis Shingleton
W.B. Zimmerman
Gyna Bivens

City Manager

Thomas Higgins

Chief Financial Officer

Aaron J. Bovos

Independent Auditors

Deloitte & Touche LLP

Prepared by the Financial Management Services Department

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Introductory Section



PURPOSE AND CONTENTS OF THIS REPORT

This report was prepared to provide grantor agencies certain financial information which they may require to properly administer funds granted to the City. Financial schedules included herein present the City's grant expenditures in accordance with accounting principles generally accepted in the United States of America for State and Local government units. Individual grants presented in the financial information section of this report are those which were considered by the auditors in performing their tests in conformity with Office of Management and Budget (OMB) Circular A-133 and the State of Texas Uniform Grant Management Standards (UGMS).

RELATIONSHIP BETWEEN THIS REPORT AND THE CITY'S BASIC FINANCIAL STATEMENTS

All of the City's grant activity subject to the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133 and UGMS are accounted for or reported in the Basic Financial Statements in the Grant Special Revenue Fund, except for certain grants accounted for in the General Fund, Proprietary Funds, or other Funds. However, grants other than federal/state grants are combined with the federal/state grants under this caption and, therefore, this report cannot be related directly to the Basic Financial Statements based upon the information presented herein.

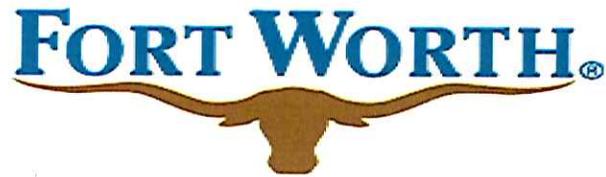
REPORTS

The following reports and schedules prepared by the independent auditors are included in this document:

1. Report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with 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
2. Report on compliance with requirements that could have a direct and material effect on each major federal and state award program and on internal control over compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and UGMS
3. Schedule of Findings and Questioned Costs
4. Corrective Action Plan



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March 18, 2014

The Honorable Mayor, City Council, Citizens, and Stakeholders
City of Fort Worth, Texas

Ladies and Gentlemen:

The Single Audit Report of the City of Fort Worth, Texas for the fiscal year ended September 30, 2013 is submitted herewith.

The report is published to provide the City Council, the various grant agencies, citizens and other interested persons, detailed information concerning financial operations of the City of Fort Worth, including compliance with certain provisions of Federal and State laws and regulations.

The data is presented fairly in all material respects and the City reports expenditures in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDIT

The Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*," and the State of Texas Uniform Grant Management Standards (UGMS) require an annual audit of the City's Federal and State financial assistance programs by an independent certified public accountant. This requirement has been complied with by the submission of the following:

1. Report on internal control over financial reporting and on compliance and other matters based upon an audit of financial statements performed in accordance with *Government Auditing Standards*.
2. Report on compliance with requirements applicable to each major Federal and State award program and on internal control over compliance in accordance with OMB Circular A-133 and UGMS.

FINANCIAL MANAGEMENT SERVICES DEPARTMENT

CITY OF FORT WORTH * 1000 THROCKMORTON STREET * FORT WORTH, TEXAS 76102
817-392-8500 * Fax 817-392-8502

The Honorable Mayor, City Council, Citizens, and Stakeholders
March 18, 2014
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ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the full support and involvement of the City Manager's Office, and all City departments who provided information and analyses contained within this document. A very special thanks is due to the staff of the Financial Management Services Department for their dedicated service to the City and to the citizens of Fort Worth. In addition, we acknowledge the thorough, professional, and timely manner in which our independent auditors, Deloitte & Touche LLP, conducted the audit. Finally, we express appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standard and professionalism in the management of the City's finances.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Higgins".

Tom Higgins
City Manager

A handwritten signature in blue ink, appearing to read "Aaron J. Bovos".

Aaron J. Bovos
Chief Financial Officer

OVERVIEW OF THE CITY'S FISCAL YEAR 2013 ANNUAL AUDIT

This report has been prepared in connection with the fiscal year 2013 annual audit of the City of Fort Worth, Texas. The primary purpose of the audit was for the auditors to form an opinion on the Basic Financial Statements of the City. The Basic Financial Statements are presented in conformity with accounting principles generally accepted in the United States of America for local government units as prescribed by the Governmental Accounting Standards Board.

OVERVIEW OF AUDIT REQUIREMENTS FOR FEDERAL AND STATE AWARDS

The scope of the City's 2013 annual audit included the requirements of the Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Circular A-133 entitled "*Audits of States, Local Governments and Non-Profit Organizations*" and the State of Texas Uniform Grant Management Standards. These regulations establish audit requirements for State and local governments, Indian tribal governments and non-profit organizations that receive Federal and State assistance. They provide for independent audits of the entire financial operations for the City, including compliance with certain provisions of Federal and State laws and regulations. These requirements were established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. Such audits are to determine whether:

1. The basic financial statements of the government present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
2. The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal and State financial assistance programs in compliance with applicable laws and regulations; and
3. The organization has complied with laws and regulations that may have a material effect on its basic financial statements and on each major Federal and State assistance program.



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Independent Auditor's Opinion



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

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of City of Fort Worth (the “City”) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 18, 2014. Other auditors audited the financial statements of Employees’ Retirement Fund of the City of Fort Worth (which comprise approximately 99% of assets, fund balance and revenues of the trust funds of the City), as described in our report on the City’s financial statements. The financial statements of the Employees’ Retirement Fund of the City of Fort Worth were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency,

or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 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*.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

March 18, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Fort Worth's, Texas (the "City") compliance with the types of compliance requirements described in *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 September 30, 2013. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; and the State of Texas *UGMS*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of

the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and the State of Texas *UGMS* and which are described in the accompanying schedule of findings and questioned costs as items 2013-003, 2013-004, 2013-005, 2013-007, 2013-008, 2013-009 and 2013-010. Our opinion on each major federal and state program is not modified with respect to these matters

The City's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The City's responses were 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 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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 2013-003, 2013-004, 2013-005, 2013-006, 2013-007, 2013-008, 2013-009 and 2013-010 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the State of Texas *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 the State of Texas UGMS

We have audited the financial statements of the City as of and for the year ended September 30, 2013, and have issued our report thereon dated March 18, 2014, which contained an unmodified opinion 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 the State of Texas *UGMS* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

March 18, 2014



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Financial Section



CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2013

| GRANT AGENCY/PROJECT TITLE | FEDERAL CFDA NUMBER | CONTRACT NUMBER | FY 2013 EXPENDITURES | PASS THROUGH EXPENDITURES |
|---|---------------------------|----------------------------|-------------------------|------------------------------|
| FEDERAL AWARDS: | | | | |
| U. S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed through Texas Health and Human Services Commission: | | | | |
| 2011 Child and Adult Care Nutrition Program | 10.558 | CON 7543008 PGRM TX 202-10 | \$ 21,997 | |
| 2012 Child and Adult Care Nutrition Program | 10.558 | CON 01514-CACP | 21,989 | |
| 2013 Child and Adult Care Nutrition Program | 10.558 | CON 01514-CACP | 29,926 | |
| Sub-total for Program | | | <u>73,912</u> | |
| 2010 Summer Food | 10.559 | CON 7543008 | (65) | |
| 2011 Summer Food | 10.559 | CON 7543008 | 6,619 | |
| 2012 Summer Food | 10.559 | CON 7543008 | 19,147 | |
| 2013 Summer Food | 10.559 | CON 7543008 | 777,169 | |
| Sub-total for Program | | | <u>802,870</u> | |
| Total U. S. Department of Agriculture | | | <u>876,782</u> | |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| 2012 - BHEP | 93.283 | CSC 43217 | 2,030 | |
| Passed Through Texas Department of Housing and Community Affairs: | | | | |
| 2011 Community Services Block Grant | 93.569 | 61110001127 | (27,514) | |
| 2012 Community Services Block Grant | 93.569 | 61120001308 | 433,052 | |
| 2013 Community Services Block Grant | 93.569 | 61130001571 | 1,099,304 | |
| Sub-total for Program | | | <u>1,504,842</u> | |
| 2012 Comprehensive Energy Assistance Program | 93.568 | 58120001356 | 1,457,852 | |
| 2012 LIHEAP Weatherization | 93.568 | 81120001405 | 866,213 | |
| 2013 Comprehensive Energy Assistance Program | 93.568 | 58130001621 | 2,243,669 | |
| 2013 LIHEAP Weatherization | 93.568 | 81130001719 | 227,290 | |
| 2013 Comprehensive Energy Assistance Supplement | 93.568 | 58120001680 | 2,069,424 | |
| Sub-total for Program | | | <u>6,864,448</u> | |
| Total U. S. Department of Health and Human Services | | | <u>8,371,320</u> | |
| U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Direct Programs: | | | | |
| HOME Program (PY 2005-2006) | 14.239 | M-05-MC-48-0204 | 35,460 | \$ 35,460 |
| HOME Revolving Loan Program (PY 94) | 14.239 | Loan Receivable | 177,355 | |
| HOME Program (PY 98) | 14.239 | M-98-MC-48-0204 | 19,527 | 19,527 |
| HOME Program (PY 06-07) | 14.239 | M-06-MC-48-0204 | 69,505 | 64,505 |
| HOME Program (PY 07-08) | 14.239 | M-07-MC-48-0204 | 42,095 | 42,095 |
| HOME Program (PY 08-09) | 14.239 | M-08-MC-48-0204 | 184,213 | 178,625 |
| HOME Program (PY 12-13) | 14.239 | M-12-MC-48-0204 | 1,245,443 | |
| HOME Program (PY 09-10) | 14.239 | M-09-MC-48-0204 | 70,912 | 70,912 |
| HOME Program (PY 10-11) | 14.239 | M-10-MC-48-0204 | 451,752 | 451,752 |
| HOME Program (PY 11-12) | 14.239 | M-11-MC-48-0204 | 16,919 | |
| HOME Program (PY 03-04) | 14.239 | M-03-MC-48-0204 | 400,000 | 400,000 |
| Sub-total for Program | | | <u>2,713,181</u> | <u>1,262,876</u> |
| CDBG-31st-Year - (PY2005-2006) | 14.218 | B-05-MC-48-0010 | 1,570,890 | |
| CDBG Revolving Loan Fund | 14.218 | Loan Receivable | 304,997 | |
| CDBG-24th-Year- 1998 | 14.218 | B-98-MC-48-0010 | 20,122 | 20,122 |
| CDBG-32nd-Year - (PY06-07) | 14.218 | B-06-MC-48-0010 | 224,114 | |
| CDBG-34th-Year - (PY08-09) | 14.218 | B-08-MC-48-0010 | 121,953 | |
| CDBG YR 37 (PY 12-13) | 14.218 | B-12-MC-48-0010 | 3,730,708 | 878,374 |
| Neighborhood Stabilization Program | 14.218 | B-08-MN-48-0004 | 42,620 | |
| CDBG-35th-Year -(PY09-10) | 14.218 | B-09-MC-48-0010 | 200,221 | |
| HUD Restricted Cash | 14.218 | M&C G-16867 | 450,261 | 205,289 |
| CDBG-36th-Year - (PY10-11) | 14.218 | B-10-MC-48-0010 | 994,349 | 295,819 |
| CDBG-37th-Year - (PY11-12) | 14.218 | B-11-MC-48-0010 | 1,099,043 | |
| CDBG-29th-Year - (PY03-04) | 14.218 | B-03-MC-48-0010 | 35,296 | |
| CDBG-30th-Year - (PY04-05) | 14.218 | B-04-MC-48-0010 | 219,674 | |
| Sub-total for Program | | | <u>9,014,248</u> | <u>1,399,604</u> |
| Lead Hazardous Reduction Program | 14.905 | TX-LHD-0246-12 | 349,167 | |
| Emergency Shelter Grant (PY 2012-2013) | 14.231 | E-12-MC-48-0006 | 476,216 | 458,750 |
| Emergency Shelter Grant (PY 2011-2012) | 14.231 | S-11-MC-48-0006 | 166,301 | 141,166 |
| Emergency Shelter Grant (PY 2011-2012) | 14.231 | S-11-MC-48-0006 | 79,200 | 79,200 |
| Sub-total for Program | | | <u>721,717</u> | <u>679,116</u> |
| Fair Housing Assistance Program 2012 | 14.401 | FF-206-K-12-6002 | 263,195 | |
| Fair Housing Assistance Program (PY 2010-2011) | 14.401 | FF-206-K-10-6002 | 4,982 | |
| Fair Housing Assistance Program (PY 2011-2012) | 14.401 | FF-206-K-11-6002 | 275,783 | |
| Sub-total for Program | | | <u>543,960</u> | |

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2013

| GRANT AGENCY/PROJECT TITLE | FEDERAL CFDA NUMBER | CONTRACT NUMBER | FY 2013 EXPENDITURES | PASS THROUGH EXPENDITURES |
|--|---------------------------|--------------------|-------------------------|------------------------------|
| EDI- Sunvalley | 14.251 | B-06-SP-TX-0986 | 346,500 | 346,500 |
| Evans Rosedale EDI Project | 14.251 | B-98-ED-48-0017 | 330,174 | |
| Sub-total for Program | | | <u>676,674</u> | <u>346,500</u> |
| HOPWA Grant(PY 2012-2013) | 14.241 | TXH12-F002 | 531,232 | 507,211 |
| HOPWA Grant (PY 2010-2011) | 14.241 | TXH10-F002 | 101,113 | 91,978 |
| HOPWA Grant (PY 2011-2012) | 14.241 | TXH11-F002 | 239,905 | 235,571 |
| Sub-total for Program | | | <u>872,250</u> | <u>834,760</u> |
| Total U. S. Department of Housing and Urban Development | | | <u>14,891,197</u> | <u>4,522,856</u> |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | | |
| 2012 Equal Employment Opportunity Commission | 30.002 | EECCN100090MOD0007 | 19,928 | |
| 2011 Equal Employment Opportunity Commission | 30.002 | EECCN100090MOD0006 | 32,825 | |
| Total Equal Employment Opportunity Commission | | | <u>52,753</u> | |
| U. S. DEPARTMENT OF JUSTICE | | | | |
| 2010 Coverdell Forensic Science | 16.742 | 2010-CD-BX-0087 | 7,870 | |
| 2011 Coverdell Forensic Science | 16.742 | 2010-DN-BX-0100 | 60,041 | |
| Passed through the Office of the Governor Criminal Justice Division: | | | | |
| 2012 State Coverdell Forensic Science | 16.742 | CD-12-A10-24157-03 | 14,430 | |
| Sub-total for Program | | | <u>82,341</u> | |
| Federal Asset Forfeiture Program | 16.922 | MOU | 425,915 | |
| Bulletproof Vest Program | 16.607 | BVP AWARD | 42,372 | |
| Bulletproof Vest Program | 16.607 | BVP AWARD | 22,986 | |
| Bulletproof Vest Program | 16.607 | BVP AWARD | 18,490 | |
| Sub-total for Program | | | <u>83,848</u> | |
| Secure Our Schools | 16.710 | 2009-CK-WX-0759 | 97,873 | 97,873 |
| Child Sexual Predator Program | 16.710 | 2010-CS-WX-0020 | 137,692 | |
| Sub-total for Program | | | <u>235,565</u> | <u>97,873</u> |
| ARRA-FY2009 Recovery Act JAG | 16.804 | 2009-SB-B9-1479 | 797,199 | 199,141 |
| Special Purpose Vehicle | 16.738 | DJ-10-A10-26113-01 | 35,545 | |
| 2009 Justice Assistance Grant | 16.738 | 2009-DJ-BX-1379 | 20,257 | 20,257 |
| 2010 Justice Assistance Grant | 16.738 | 2010-DJ-BX-0164 | 298,250 | 283,241 |
| 2012 DEA DFW Airport Task Force | 16.738 | CSC 42435 | 123 | |
| 2012 Multi Agency Task Force | 16.738 | CSC 42348 | 131 | |
| 2011 Justice Assistance Grant | 16.738 | 2011-DJ-BX-2923 | 136,173 | 136,173 |
| 2012 Justice Assistance Grant | 16.738 | 2012-DJ-BX-1036 | 14,773 | 14,773 |
| 2013 DEA DFW Airport Task Force | 16.738 | CSC 43966 | 29,787 | |
| 2013 Multi Agency Task Force | 16.738 | CSC 44081 | 108,182 | |
| 2013 OCDE Task Force | 16.738 | SW-TX-0316 | 17,035 | |
| FBI Joint Terrorism Task Force | 16.738 | CSC 31470 | 12,388 | |
| 2013 Safe Streets Task Force | 16.738 | CSC 44638 | 43,975 | |
| Sub-total for Program | | | <u>716,619</u> | <u>454,444</u> |
| Passed through the Bureau of Alcohol, Tobacco, Firearms, and Explosives: | | | | |
| ATF Joint Task Force | 16.111 | CSC 43740 | 21,352 | |
| Passed through the United States Marshal Service: | | | | |
| United States Marshal Service | 16.111 | CS 41389 | 42,375 | |
| Sub-total for Program | | | <u>63,727</u> | |
| Passed through the Mosaic Family Services: | | | | |
| 2012 Project Safe Neighborhood | 16.609 | 2011-GP-BX-0060 | 1,493 | |
| Passed through the City of Arlington: | | | | |
| 2011 Human Trafficking Task Force | 16.320 | CSC 43380 | 42,796 | |
| Total U. S. Department of Justice | | | <u>2,449,503</u> | <u>751,458</u> |
| U. S. DEPARTMENT OF TRANSPORTATION | | | | |
| Alliance Runway Extension Phase IX | 20.106 | 3-48-0296-34-2008 | 3,133,537 | |
| Alliance Runway Extension X | 20.106 | 3-48-0296-40-2009 | 5,814,106 | |
| AFW Run/Taxiway Rehab & Phase 1 ARFF | 20.106 | 3-48-0296-38-2009 | 14,408 | |
| Alliance Runway Extension XI | 20.106 | 3-48-0296-42-2010 | 163,814 | |
| Alliance Runway Rehab and ARFF | 20.106 | 3-48-0296-41-2010 | 11,085 | |
| Alliance Runway Extension Phase XII | 20.106 | 3-48-0296-43-2011 | 4,210,983 | |
| Noise Land Acquisition | 20.106 | 3-48-0296-49-2012 | 65,552 | |
| Alliance Runway Extension | 20.106 | 3-48-0296-47-2012 | 1,499,942 | |
| Alliance Runway Rehabilitation | 20.106 | 3-48-0296-46-2012 | 647,470 | |
| Avigation Easements | 20.106 | 3-48-0296-48-2012 | 247,026 | |
| Alliance Runway Extension AMB1 | 20.106 | 3-48-0296-50-2012 | 572,665 | |
| Sub-total for Program | | | <u>16,380,588</u> | |

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2013

| GRANT AGENCY/PROJECT TITLE | FEDERAL CFDA NUMBER | CONTRACT NUMBER | FY 2013 EXPENDITURES | PASS THROUGH EXPENDITURES |
|---|---------------------------|----------------------------------|-------------------------|------------------------------|
| Passed through Texas Department of Transportation: | | | | |
| Spinks Airfield Upgrades Phase II | 20.106 | CSJ 0502SPINK | 5,126 | |
| Meacham Repair Runway 16/34 | 20.106 | CSJ 0702MEACH | 589,689 | |
| Spinks FWS Eastside Improvements | 20.106 | CSJ 1102SPINK | 55,112 | |
| 2013 Meacham Ramp | 20.106 | CSJ M302MECH | 50,000 | |
| 2013 Alliance Ramp | 20.106 | CSJ M302ALNCE | 36,979 | |
| 2013 Spinks Ramp | 20.106 | CSJ M302SPNKS | 44,677 | |
| Meacham Airport Layout | 20.106 | CSJ 13ALMEACH | 53,457 | |
| Meacham Runway Payment | 20.106 | CSJ 1302MEACH | 133,385 | |
| FW Spinks Eastside Improvements | 20.106 | CSJ 1102SPINK | 42,290 | |
| 2014 Meacham Ramp | 20.106 | CSJ 1402MECH | 402 | |
| 2014 Spinks Ramp | 20.106 | CSJ M1402SPNK | 728 | |
| FTW Meacham Apron A Construction | 20.106 | CSJ 1202MEACH | 1,503,671 | |
| Wildlife Assessment | 20.106 | CSJ 1202MCHAM | 30,633 | |
| Sub-total for Program | | | <u>2,546,149</u> | |
| 2012 Motor Carrier Safety Assistance Program | 20.218 | FM-MHP-0093-12-01-00 | 262,512 | |
| Passed through Texas Department of Transportation: | | | | |
| 2013 STEP Comprehensive | 20.600 | 2013-FORTWORT-S-1YG-0070 | 159,964 | |
| 2013 STEP Commercial Motor Vehicle | 20.600 | 2013-FORTWORT-S-1YG-0066 | 24,197 | |
| Sub-total for Program | | | <u>184,161</u> | |
| Magnolia Village I Pedestrian/Street Improvement | 20.205 | CSJ 0902-48-536 | 79,503 | |
| Sycamore School Road Quiet Zone Project | 20.205 | CSJ 0902-48-685 | 23,198 | |
| Peach St Rr Safety Improvement Project | 20.205 | CSJ 0902-48-688/689 | 47,831 | |
| Hemphill West Quiet Zone Project | 20.205 | CSJ 0902-48-686 | (3,388) | |
| Magnolia Ave Rr Crossing Project | 20.205 | CSJ 0902-48-687 | 7,406 | |
| 3 New Bridges - N. Main St. | 20.205 | CSJ 0014-01-022 | (8,161) | |
| 3 New Bridges - Henderson St. | 20.205 | CSJ 0171-05-081 | (8,238) | |
| South Central High Speed Corridor | 20.205 | CSJ 0902-48-694 | 359 | |
| W 7TH ST Bridge Construction | 20.205 | CSJ 0902-48-505 | 6,548 | |
| TXDOT - Traffic Signal System Expansion CMAQ5 | 20.205 | CSJ 0902-48-587 & 0902-48-588 | 36,463 | |
| Drainage Improvements | 20.205 | CSJ 0902-48-711 | 357,766 | |
| Ridglea/Westridge Village Pedestrian & Streetcar Dev | 20.205 | CSJ 0902-48-582 | 26,161 | |
| Safe Route to School KISD | 20.205 | CSJ 0902-48-777 | 45,996 | |
| Neighborhood Transportation Connections | 20.205 | CSJ 0902-48-791 | 202,787 | |
| Chapel Creek Bridge | 20.205 | CSJ 0902-48-722 | 238,638 | |
| Handley Streetscape Green Ribbon | 20.205 | CSJ 0902-48-558 | 65,622 | |
| TWU Streetscape Sustainable Development | 20.205 | CSJ 0902-48-832 | 4,355 | |
| Signage and Information System | 20.205 | CSJ 0902-48-508 | 54,347 | |
| Trinity River Trail System | 20.205 | CSJ 0902-48-557 & 48-581 | 14,452 | |
| Berry Street Construction | 20.205 | CSJ 0902-48-558, 48-490 & 48-410 | (65,472) | |
| Ninth St Pedestrian & Streetcar Development | 20.205 | CSJ 0902-48-495 | 920 | |
| South of Seventh St Project | 20.205 | CSJ 0902-48-562, 48-698 & 48-699 | (5,386) | |
| Urban Village Southeast Cluster | 20.205 | TxDOT 0902-48-682 | 1,159,957 | |
| East Rosedale Street Construction | 20.205 | 17201042 | 1,205,901 | |
| Sub-total for Program | | | <u>3,487,565</u> | |
| Passed through Texas Parks and Wildlife: | | | | |
| Regional Park Grant | 20.219 | 53-00009 | 114,059 | |
| Hyde Park | 20.507 | 29793-AI | 73 | |
| Total U.S. Department of Transportation | | | <u>22,975,107</u> | |
| ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Passed through Texas Water Development Board: | | | | |
| Clean Water State Revolving Fund-Tier 3 | 66.458 | CWSRTier III 2007 | 4,318,006 | |
| Drinking Water State Revolving Fund-Tier 3 | 66.468 | DWSRF - 2007 | 816,665 | |
| ARRA-2009 SRF Reclaim Water | 66.468 | DWSRF - 2007 | (14,236) | |
| Drinking Water State Revolving Fund-Tier 3 | 66.468 | Project 61152 | 8,378,350 | |
| Sub-total for Program | | | <u>13,498,785</u> | |
| Passed through Texas Commission for Environmental Quality (TCEQ): | | | | |
| PM 2.5 Monitoring | 66.001 | 582-11-86421 | 32,257 | |
| 2009-2011 PM 10 (EPA) Sect 105 | 66.605 | 582-10-8641 | (283) | |
| 2011-2012 PM 10 (EPA) Sect 105 | 66.605 | 582-12-10011 | 66,428 | |
| 2014 PM 10 (EPA) Sect 105 | 66.605 | 582-14-40060 | 8,706 | |
| Sub-total for Program | | | <u>74,851</u> | |
| Hazard Substance and Petroleum Assessment Fund | 66.818 | BF-96629801-0 & 96616401-0 | 6,920 | |
| Total Environmental Protection Agency | | | <u>13,612,813</u> | |

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2013

| GRANT AGENCY/PROJECT TITLE | FEDERAL CFDA NUMBER | CONTRACT NUMBER | FY 2013 EXPENDITURES | PASS THROUGH EXPENDITURES |
|---|---------------------------|---------------------------|-------------------------|------------------------------|
| DEPARTMENT OF HOMELAND SECURITY | | | | |
| Passed through Texas Engineering Extension Service: | | | | |
| 2007 Federal Homeland Security Grant Program - SHSP | 97.073 | 07-GA-27000-03 | 197 | |
| Passed through Texas Governor's Division of Emergency Management: | | | | |
| 2005 HSGP-UASI | 97.008 | 06-SR-27000-01 | (132) | |
| 2008 HSGP-UASI LEAP | 97.008 | 07-SR-27000-01 | 724 | |
| 2007 HSGP-UASI | 97.008 | 08-GA- 27000-10 | (100,971) | |
| 2008 HSGP-UASI LEAP | 97.008 | 08-GA- 27000-10 | (19,072) | |
| 2009 HSGP-UASI GENERATOR | 97.008 | 09-GA 27000-01 | 160,027 | |
| 2009 HSGP-USAI LEAP | 97.008 | 09-GA 27000-10 | (11,191) | |
| 2012 HSGP-UASI | 97.008 | 12-SR-27000-01 | 215,033 | |
| Sub-total for Program | | | <u>244,418</u> | |
| 2007 HSGP-MMRS | 97.071 | 07 SR 27000-01 | 856 | |
| 2008 HSGP-MMRS | 97.071 | 08-GA-27000-10 | (3,595) | |
| 2010 HSGP-MMRS | 97.071 | 10-SR-27000-01 | 9,923 | |
| Sub-total for Program | | | <u>7,184</u> | |
| FEMA Lebrow Channel Roadway | 97.047 | LPDM-PJ-06-TX-2008-004(0) | 541,000 | |
| 2010 HSGP-UASI | 97.067 | 10-GA-27000-01 | 2,474,692 | |
| 2010 HSGP-UASI-LEAP | 97.067 | 10-GA-27000-08 | 966,761 | |
| 2011 HSGP-UASI | 97.067 | 11-GA-27000-01 | 538,402 | |
| 2011 HSGP-SHSP LETPA | 97.067 | 11-SR-27000-02 | 982,809 | |
| 2011 HSGP-MMRS | 97.067 | 11-SR-27000-04 | 259,120 | |
| 2011 HSGP-UASI M&A | 97.067 | 11-SR-27000-08 | 92,717 | |
| Sub-total for Program | | | <u>5,314,501</u> | |
| Hurricane Rita | 97.036 | FEMA 3261-EM-TX | 26,331 | |
| Hurricane Gustav | 97.036 | EM-3290-TX | (8,131) | |
| Hurricane Ike | 97.036 | EM-3294-TX | 39,469 | |
| Sub-total for Program | | | <u>57,669</u> | |
| 2012 Emergency Management | 97.042 | 12TX-EMPG-0177 | 152,474 | |
| 2013 Emergency Management | 97.042 | 13TX-EMPG-0177 | 74,799 | |
| Sub-total for Program | | | <u>227,273</u> | |
| Passed through Texas Commission on Environmental Quality: | | | | |
| Biowatch Monitoring Activities | 97.091 | 582-10-86405 | 3,081 | |
| 2013 Biowatch | 97.091 | 582-13-30017 | 326,474 | |
| Sub-total for Program | | | <u>329,555</u> | |
| Total Department of Homeland Security | | | <u>6,721,797</u> | |
| U. S. DEPARTMENT OF ENERGY | | | | |
| ARRA-Energy Efficiency Community Block Grant | 81.128 | DE-EE00000963 | 26,398 | |
| Passed through Texas State Energy Conservation Office: | | | | |
| ARRA-Texas State Energy Conservation | 81.041 | CSC CS0015 | (96,150) | |
| Passed through North Central Texas Council of Governments: | | | | |
| ARRA-Heavy Duty Hybrid Vehicle | 81.086 | CSC 40651 | 51,500 | |
| Passed through Texas Department of Housing and Community Affairs: | | | | |
| Systems Benefit Fund Program | 81.042 | TDHCA: 301008 | 46,012 | |
| 2012 DOE Weatherization | 81.042 | 56120001474 | 80,939 | |
| Total U. S. Department of Energy | | | <u>108,699</u> | |
| U. S. DEPARTMENT OF EDUCATION | | | | |
| Passed through Texas Education Agency and Fort Worth ISD: | | | | |
| Fort Worth ISD 21st Century Learning Program | 84.287 | 81302495 | 88,640 | |
| Total U.S. Department of Education | | | <u>88,640</u> | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | |
| Passed through Texas State and Library Archives Commission: | | | | |
| TexTreasures Grant Program | 45.310 | 723-13002 | 20,000 | |
| Total Institute of Museum and Library Services | | | <u>20,000</u> | |
| DEPARTMENT OF THE INTERIOR | | | | |
| ARRA Water Smart Title XVI Grant | 15.504 | R12AC60093 | 55,608 | |
| Total Department of Interior | | | <u>55,608</u> | |

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2013

| GRANT AGENCY/PROJECT TITLE | FEDERAL CFDA NUMBER | CONTRACT NUMBER | FY 2013 EXPENDITURES | PASS THROUGH EXPENDITURES |
|--|---------------------------|-------------------------------|-------------------------|------------------------------|
| EXECUTIVE OFFICE OF THE PRESIDENT | | | | |
| Passed Through the Office of National Drug Control Policy and Navarro County, Texas: | | | | |
| 2013 North Texas High Intensity Drug Trafficking Area | 95.001 | CSC 44213 | 128,744 | |
| Total Executive Office of the President | | | <u>128,744</u> | |
| DEPARTMENT OF THE TREASURY | | | | |
| ICE Task Force | 21.000 | CSC 43867 | 21,011 | |
| 2011 Internal Revenue Service- North TX Asset Forfeiture | 21.000 | CSC 44065 | 27,609 | |
| Total Department of The Treasury | | | <u>48,620</u> | |
| Total Federal direct and pass-through Awards | | | <u>\$ 70,401,583</u> | <u>\$ 5,274,314</u> |
| STATE AWARDS: | | | | |
| TEXAS STATE OFFICE OF THE GOVERNOR | | | | |
| Diamond Hill After School | | SF-13-J20-25956-01 | 28,144 | |
| Total Texas State Office of the Governor | | | <u>28,144</u> | |
| TEXAS STATE ATTORNEY GENERAL'S OFFICE | | | | |
| 2012 Victim Coordinator and Liaison Grant | | 1226620 | (3,548) | |
| 2013 Victim Coordinator and Liaison Grant | | 1332865 | 46,507 | |
| 2013 Compensation Victim Crime Fund | | CSC 42902 | 138,533 | |
| Total Texas State Attorney General's Office | | | <u>181,492</u> | |
| TEXAS DEPARTMENT OF WILDLIFE AND PARKS | | | | |
| AFW BNSF Relocation | | CSJ 0918-46-250 | 10,706 | |
| TPWD Trinity Trails | | CSC 45041 | 27,945 | |
| TPWD Southwest FWCC | | CSC 41240 | 545,308 | |
| TPWD Northwest FWCC | | CSC 42309 | 3 | |
| Total Texas Department of Wildlife and Parks | | | <u>583,962</u> | |
| TEXAS DEPARTMENT OF MOTOR VEHICLES | | | | |
| Passed through Tarrant County: | | | | |
| Tarrant County Auto Crimes Task Force | | CSC 44588 | 92,594 | |
| Total Texas Department of Motor Vehicles | | | <u>92,594</u> | |
| TEXAS DEPARTMENT OF HEALTH SERVICES | | | | |
| Passed through Texas Southern University: | | | | |
| TSU Tobacco Grant | | CSC 43346 | (3,910) | |
| TSU Tobacco Grant | | CSC 43847 | 60,750 | |
| TSU Tobacco Grant | | CSC 44784 | 3,710 | |
| Total Texas Department of Health Services | | | <u>60,550</u> | |
| TEXAS DEPARTMENT OF TRANSPORTATION | | | | |
| TXDOT- Traffic Signal System Expansion CMAQ5 | | CSJ 0902-48-587 & 0902-48-588 | 4,908 | |
| Handley Streetscape Green Ribbon | | CSJ 0902-48-558 | 11,297 | |
| East Rosedale Streetscape | | CSJ 0902-48-845 | 127,532 | |
| | | | <u>143,737</u> | |
| Passed through the North Central Texas Council of Governments: | | | | |
| Riverside Drive Bridge | | CSJ 0902-48-847 | 462,000 | |
| Litsey Rd Widening 2-Lanes to 4-Lanes | | CSJ 0918-46-251 | 1,591,166 | |
| Total Texas Department of Transportation | | | <u>2,196,903</u> | |
| TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | | |
| Air Pollution Control Service-06-07 | | 582-6-74392 | 48,399 | |
| Ozone Monitoring Station | | 582-121-0034 | 49,066 | |
| | | | <u>97,465</u> | |
| Passed through the North Central Texas Council of Governments: | | | | |
| Cowtown Recycles Downtown | | 582-12-10157 | 93,383 | |
| Air Pollution Compliance Monitoring | | 582-10-90259 | 254,629 | |
| 2014 Air Pollution Compliance Monitoring | | 582-14-40027 | 21,809 | |
| Total Texas Commission on Environmental Quality | | | <u>369,821</u> | |
| TEXAS COMPTROLLER OF PUBLIC ACCOUNTS | | | | |
| Passed through the Texas A&M: | | | | |
| Texas A&M Forest Service | | Case 1993 | 1,250 | |
| Passed through the University of North Texas Health Science Center: | | | | |
| Guinn School Renovation | | CSC 36848 | 18,676 | |
| Guinn School Renovation 2011 | | CSC 43532 | 365,220 | |
| Guinn School Renovation | | CSC 37010 | 318,360 | |
| Guinn School Renovation | | CSC 39724 | 108,506 | |
| Total Texas Comptroller of Public Accounts | | | <u>812,012</u> | |
| Total State Awards | | | <u>\$ 4,422,943</u> | |
| Total Expenditures of Federal and State Awards | | | <u>\$ 74,824,526</u> | <u>\$ 5,274,314</u> |

See Notes to Schedule of Federal and State Awards



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CITY OF FORT WORTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") presents the activity of all applicable federal and state awards of the City of Fort Worth (the "City") for the year ended September 30, 2013.

For the purposes of the Schedule, federal and state awards include all grants, contracts and similar agreements entered into directly between the City and agencies and departments of the federal and State of Texas governments and all sub-awards to the City pursuant to federal and state grants, contracts and similar agreements. Major programs are identified by the independent auditor in accordance with the provisions of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

Expenditures for direct costs and employee benefits are recognized as incurred using the modified accrual basis of accounting (accrual basis for proprietary funds) to the extent grants are approved and applicable government cost principles specified by each grant, contract, and agreement. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City does not recover indirect costs unless expressly allowed by each award.

Additionally, amounts reported as expenditures in the Schedule may not agree with the amounts in the related financial reports filed with the grantor agencies because of accruals that would not be included until the next report filed with the agency.

3. COMMITMENTS AND CONTINGENCIES

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2013 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with rules and regulations governing the grants.

4. OUTSTANDING LOAN BALANCES

In 1980, the City of Fort Worth received a grant in the original amount of \$1,000,000 from the Federal Economic Development Administration for a Revolving Loan Fund under grant number 08-39-02250 (CFDA 11.307). These funds were combined with \$500,000 in Community Development Block Grant (CDBG) funds to initially capitalize the program. The City of Fort Worth contracted with the Fort Worth

CITY OF FORT WORTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013

Economic Development Corporation (FWEDC), a nonprofit organization, to administer the program. The FWEDC is not a component unit of the City. Until fiscal year 2005, the principal and interest payments received from loans have been recycled back into the program by the FWEDC to produce additional loans. In fiscal year 2013 the City of Fort Worth closed out the loan program.

The City of Fort Worth has an outstanding HUD Section 108 loan payable granted under the Housing and Community Development Act of 1974 for Loan Guarantee Assistance (CFDA 14.248) for the following projects and with the following outstanding loan balances as of September 30, 2013:

| | |
|---|---------------------|
| • Mercado Project, Commitment No. B-97-MC-48-0010 | \$ 795,000 |
| • Mercado Project-due within one year | <u>265,000</u> |
| • Mercado Project-Total | <u>\$ 1,060,000</u> |
| | |
| • Evans Avenue and Rosedale Street Business and Cultural District Project, Commitment No. B-99-MC-48-0010 | \$ 3,709,000 |
| • Evans Avenue and Rosedale Street –due within one year | <u>513,000</u> |
| • Evans Avenue and Rosedale Street-Total | <u>\$ 4,222,000</u> |

The City of Fort Worth has an outstanding loan payable under the Clean Water State Revolving Loan Fund from the Texas Water Development Board, as a pass through agency for the Environmental Protection Agency (CFDA 66.458). As of September 30, 2013 the outstanding loan balances were:

| | |
|---|----------------------|
| • TWDB Series 2005 | \$ 4,660,000 |
| • TWDB Series 2005-due within one year | <u>375,000</u> |
| Series 2005-Total | <u>\$ 5,035,000</u> |
| | |
| • TWDB Series 2005A | \$ 5,260,000 |
| • TWDB Series 2005-due within one year | <u>555,000</u> |
| Series 2005A-Total | <u>\$ 5,815,000</u> |
| | |
| • TWDB Series 2007A | \$ 24,380,000 |
| • TWDB Series 2007A-due within one year | <u>1,600,000</u> |
| Series 2007A-Total | <u>\$ 25,980,000</u> |

The City of Fort Worth has an outstanding loan payable under the Drinking Water State Revolving Loan Fund from the Texas Water Development Board, as a pass through agency for the Environmental Protection Agency (CFDA 66.468). As of September 30, 2013 the outstanding loan balance was:

| | |
|---|----------------------|
| • TWDB Series 2005B | \$ 40,915,000 |
| • TWDB Series 2005 B-due within one year | <u>3,170,000</u> |
| Series 2005 B-total | <u>\$ 44,085,000</u> |
| | |
| • TWDB Series 2009 ARRA | \$ 12,905,000 |
| • TWDB Series 2009 ARRA-due within one year | <u>810,000</u> |
| Series 2009 ARRA- total | <u>\$ 13,715,000</u> |

CITY OF FORT WORTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013

5. HURRICANE DISASTER RELIEF

The Hurricane Disaster Relief grants from the Department of Homeland Security do not have a signed grant agreement due to the emergency nature of the grant. Revenue will not be received or recognized until the grantor has received and approved the cost reimbursement requests.

6. PROGRAM CLUSTERS

The Cities' grant programs include the following clusters:

- Justice Assistance Grant Program – 16.738, 16.804 (ARRA)
- Highway Planning and Construction – 20.205, 20.219
- Capitalization Grant Drinking Water State Revolving Loan Fund – 66.468, 66.468 (ARRA)
- Homeland Security Grant Program – 97.008, 97.053, 97.067, 97.071, 97.073



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Independent Auditor's Findings



CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2013

Part I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness (as)? Yes

Noncompliance material to financial
statements noted? No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material
weakness(es)? Yes

Type of auditors' report issued on
compliance for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133 (section .510(a))? Yes

**CITY OF FORT WORTH, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SEPTEMBER 30, 2013**

Identification of major programs:

Federal:

| | |
|--|---|
| 16.738/16.804 | Justice Assistance Grant Program Cluster (including ARRA) |
| 20.106 | Airport Improvement Program |
| 20.205/ 20.219 | Highway Planning and Construction Cluster |
| 66.458 | Clean Water State Revolving Loan Fund |
| 66.468 | Drinking Water State Revolving Loan Fund (including ARRA) |
| 93.568 | Low Income Home Energy Assistance Program |
| 93.569 | Community Services Block Grant |
| 97.008/97.053/97.067/ 97.071/97.073 | Homeland Security Grant Program |

State:

Guinn School Renovation
 Litsey Road Widening
 Air Pollution Compliance Monitoring
 Riverside Drive Bridge
 Texas Parks and Wildlife Department Southwest FWCC
 TXDOT – Traffic Signal System Expansion
 Handley Streetscape Green Ribbon

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

| | |
|----------|-------------|
| Federal: | \$2,112,047 |
| State: | \$300,000 |

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2013

Part II—Findings Related to the Financial Statements

2013-001 Significant Deficiency: Accounting for Capital Assets (updated from fiscal years 2004-2012)

Criteria – Proper accounting for capital assets requires the maintenance of an accurate, detailed listing of all expenditures that meet the City’s criteria for capitalization – those that are long-lived and meet the City’s capitalization threshold.

Condition – A significant amount of effort has been made by the City over the past several years to improve the practices used to account for and report the City’s investment in capital assets. For fiscal years 2008 through 2013, we did not note the level of errors that were noted in previous years related to capital assets. Audit adjustments for fiscal years 2008 through 2013 related to capital assets were generally isolated to specific areas of the accounting process. However, there are certain matters that remain unresolved. These matters include:

- The need for the City to upgrade its current Excel-based approach to accounting for capital assets to a more controlled database environment, such as a module to the planned ERP system
- A lack of consistently performed quarterly reconciliations between the Excel database and the capital expenditures recorded in the general ledger for all projects
- A lack of supervisory reviews of the quarterly reconciliations
- A lack of proper communication between the Financial Management Services Department and other City departments regarding Construction-in-Progress (“CIP”), resulting in improper classification of certain completed projects within CIP and improper timing of reclassification of CIP to capital assets in use, specifically in general governmental, water and sewer fund and storm-water fund capital assets for fiscal 2013

Context – Capital assets represent the City’s single largest asset. As of September 30, 2013, the City has over \$4 billion in net book value of capital assets and has over 2,000 projects set up to track and manage CIP costs.

Cause – The City has multiple departments and contractors managing construction projects and capital assets without consistent, complete application of the proper procedures to account for transactions or purchases. Formal procedures are not in place to establish timely communication regarding capital asset transactions between the various departments and the Financial Management Services Department.

Effect – We believe that the City’s current system of accounting for capital assets (both electronic and manual) is not sufficiently designed or implemented to prevent or detect potential errors in capital assets without a significant effort made at year-end to review transactions for the existence of such errors.

Recommendation – The following recommendations should be considered by City management:

- Implement a more sophisticated system of accounting for capital assets. Such a system should contain automated controls to ensure proper accounting and reconciliation of capital assets. Consider the importance of fully integrating an electronic capital asset system with the City’s general ledger system and plan appropriate timing for the implementation of any new capital asset system relative to the City’s overall ERP implementation time-table.
- Consistently perform the quarterly reconciliations to the general ledger for all capital expenditures.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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- Require supervisory reviews of the quarterly reconciliations.
- On an overall basis, improve communication between the operating departments and the Financial Management Services Department related to capital assets.

Views of Responsible Officials – See Corrective Action Plan.

2013-002 Significant Deficiency: IT Access and Operations Security Controls

Criteria – Strong Information Technology (IT) systems allow an organization to automate many tasks and enable timely, accurate financial reporting. Access to these systems in both on overall system and specific operational environment must be appropriately controlled to help prevent intentional contravention of the controls designed by management.

Condition and Cause – During our testing of the design and implementation of the City’s control systems, we noted the following deficiencies:

- AS400: We noted that there were two user accounts with access to the shared folder that contains the passwords for the AS400/SunGard privileged accounts QSECOFR and QHTE. As this folder resides on a shared drive on Windows and the two accounts have access to the shared drive, this access is considered inappropriate as it grants the users with knowledge of passwords to AS400 privileged accounts QSECOFR and QHTE.
- PeopleSoft job scheduler: We noted that two users have privileged access granted to the PeopleSoft job scheduler, inappropriate to their functions.

Context - Access and operations security controls are specific controls to the City’s financial systems in order to prevent users from inappropriately creating, deleting, or modifying financial transactions or data.

Effect – These deficiencies in control could potentially result in invalid, incomplete, or incorrect computer-generated information. Because of the importance of these controls without other mitigating controls, we consider this to be a significant deficiency in controls.

Recommendation – The following points should be considered:

- Privileged or administrative access should be restricted to authorized administrators. Inappropriate users should have elevated access removed.
- User access privileges of user accounts at the application, database, operating system, and network layer should be reviewed with a frequency commensurate with the size of the organization, the frequency of employee turnover, and other relevant factors.
- Terminated users should have their system access revoked in a timely manner.

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- Passwords to user accounts should not be shared. Passwords to generic accounts should remain restricted to authorized individuals.

Views of Responsible Officials – See Corrective Action Plan.

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Part III – Findings and Questioned Costs Related to Federal and State Awards

2013-003 Non-compliance and Significant Deficiency in Internal Controls: Airport Improvement Program – Reporting

Program: CFDA 20.106, Airport Improvement Program, 2013, from the U.S. Department of Transportation – some portion of which was passed through the Texas Department of Transportation

Criteria – Federal Aviation Authority (FAA) Airport Improvement Program (AIP) Handbook – Order 5100.38C and the active Program Guidance Letter (PGL) 10-1 requires quarterly interim Form SF-425, *Federal Financial Report (FFR)* to be submitted no later than 30 days after the end of each reporting period. The reporting period end dates used for interim reports are 3/31, 6/30, 9/30, and 12/31.

Condition and Context – Grant management failed to submit to the FAA by the required deadline 1 of 4 quarterly SF-425, *Federal Financial Reports* tested during the audit.

Questioned Costs – None

Cause – Changes in personnel responsibilities, staff turnover and restructuring in the City’s Aviation department during the year caused delays in submitting the quarterly SF-425, *Federal Financial Reports to FAA*. These issues appear to have occurred due to inadequate transition of responsibilities between the personnel performing the controls.

Effect – The untimely reporting may result in the inability of the FAA to adequately monitor the grant program.

Recommendation – Submit the quarterly SF-425, *Federal Financial Reports*, to the FAA by the required deadlines to ensure that the FAA reporting requirements are met.

Views of Responsible Officials – See Corrective Action Plan

2013-004 Non-Compliance and Significant Deficiency in Internal Controls: Litsey Road Widening– Reporting

Program: State Program Litsey Road Widening, 2013, from the Texas Department of Transportation - passed through North Central Texas Council of Governments (“NCTCOG”)

Criteria –Article 22 of the Advance Funding Agreement with the Texas Department of Transportation for the Litsey Road Widening, signed in June 2011, requires the City to provide to NCTCOG on a monthly basis a report of expenses, including the City’s expenditure of local match funds. The report shall list separately the expenditures by Project Phase, describe the interest earned, including the interest rate, and describe the status of developing the Project.

Condition and Context – There were no monthly reports submitted to the NCTCOG during the City’s fiscal year 2013.

Questioned Costs – None

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Cause – Changes in personnel responsibilities, staff turnover and restructuring in the City’s Transportation and Public Works (TPW) department during the year resulted in a failure to submit the monthly reports to NCTCOG. These issues appear to have occurred due to inadequate transition of responsibilities between the personnel performing the controls.

Effect – Lack of compliance with the reporting requirement restricts the necessary data that grantors need to provide the managerial oversight of grant funds provided to the City.

Recommendation – Submit the monthly reports to NCTCOG as required by the grant agreement.

Views of Responsible Officials – See Corrective Action Plan

2013-005 Non-compliance and Significant Deficiency in Internal Controls: Low Income Home Energy Assistance Program, Community Services Block Grant, Homeland Security Grant Cluster, and Justice Assistance Grant Cluster – Reporting

Programs:

- CFDA 93.568, Low Income Home Energy Assistance Program, from the U.S. Department of Health and Human Services, 2013 - passed through the Texas Department of Housing and Community Affairs
- CFDA 93.569, Community Services Block Grant, from the U.S. Department of Health and Human Services, 2013 - passed through the Texas Department of Housing and Community Affairs
- CFDA 97.008/97.053/ 97.067/97.071/97.073, Homeland Security Grant Cluster, from the Department of Homeland Security, 2013 - passed through Texas Governor’s Division of Emergency Management
- CFDA16.738/16.804, Justice Assistance Grant Cluster, 2013 from the U.S. Department of Justice

Criteria – Certain Federal and State granting agencies require periodic reporting of expenditures in the form of performance reports and expenditure reports. These reports serve as reimbursement requests, program progress and final accounting of the funds expended during the year. These reports should be appropriately supported by qualifying expenditures recorded in the City’s records.

Condition and Context – We noted that in the case of each of these grants, the expenditure reports were filed on a timely basis, but required certain reconciliation and corrections in the general ledger, sometimes several months afterwards, in order to appropriately tie the report to the general ledger. Prior to this correction, amounts reflected in interim reports or on the Schedule of Expenditures of Federal and State Awards may report expenditures in the wrong grant year.

Questioned Costs – None

Cause – The City receives these grants on a continuing basis. However, one grant year is not appropriately segregated from the next year until a reconciliation is prepared months after the report is submitted. Because the grants are always fully spent each year, there is no correction to the reports that is necessary, but multiple corrections in the general ledger are necessary to achieve the appropriate segregation of grant years and reflect the underlying records in a way that ties to the report that were submitted.

Effect – Inadequate record keeping during the year may allow improper costs to be charged to the grant.

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Recommendation – Strengthen controls and communication around the recording of all grant-funded expenditures. In addition, closely monitor the opening and close-out of each grant year.

Views of Responsible Officials – See Corrective Action Plan

2013-006 Significant Deficiency in Internal Controls: Multiple Programs – Procurement

Programs:

- CFDA 20.205/20.219 Highway Planning and Construction Cluster, from the U.S. Department of Transportation - passed through the Texas Department of Transportation, 2013
- CFDA 20.106 Airport Improvement Program, from the U.S. Department of Transportation - passed through the Texas Department of Transportation, 2013
- CFDA 16.738/16.804 Justice Assistance Grant Cluster, from the U.S. Department of Justice, 2013
- CFDA 66.458 Clean Water State Revolving Loan Fund, from the U.S. Environmental Protection Agency - passed through the Texas Water Development Board, 2013
- CFDA 66.468 Drinking Water State Revolving Loan Funds Program, from the U.S. Environmental Protection Agency - passed through the Texas Water Development Board, 2013
- State Program Guinn School Renovation, from the Texas Comptroller of Public Accounts - passed through the University of North Texas Health Science Center, 2013
- State Program Litsey Road Widening, from the Texas Department of Transportation - passed through the North Central Texas Council of Governments, 2013
- State Program Riverside Drive Bridge, from the Texas Department of Transportation - passed through the North Central Texas Council of Governments, 2013
- State Program Texas Parks and Wildlife Department Southwest FWCC, from the Texas Parks and Wildlife Department, 2013

Criteria – Office of Management and Budget Circular A-87 requires grantees to check all vendors used for grant programs to insure they are not on the list of suspended or debarred companies.

Condition and Context – The City failed to document its verification that the prime contractor was not on the list of suspended and debarred companies:

- In 3 out of 4 vendors tested for the Highway Planning and Construction Cluster
- In 1 out of 8 vendors tested for the Airport Improvement Program
- In 3 out of 3 vendors tested for the Justice Assistance Grant Cluster
- In 4 out of 4 vendors tested for the Clean Water State Revolving Loan Program
- In 2 out of 2 vendors tested for the Drinking Water State Revolving Loan Program
- In 1 out of 1 vendors tested for the Guinn School Renovation
- In 2 out of 2 vendors tested for the Litsey Road Widening Project
- In 1 out of 1 vendors tested for the Riverside Drive Bridge Project
- In 1 out of 1 vendors tested for the Texas Parks and Wildlife Department Southwest FWCC

Questioned Costs – None

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Cause – The Prime Contractor is not on the list of suspended or debarred companies, but the City only verified that the surety bonds and insurance were valid.

Effect – An absence of this check could result in the improper use of a contractor that has been suspended or debarred from activity in grant programs.

Recommendation – Strengthen controls and communication around the process of the suspension and debarment check for all grant-funded vendors.

Views of Responsible Officials – See Corrective Action Plan

2013-007 Non-compliance and Significant Deficiency in Internal Controls: Homeland Security Grant Cluster – Allowable Costs

Program – CFDA 97.008/97.053/97.067/97.071/97.073, Homeland Security Grant Cluster, from the Department of Homeland Security, 2013 - passed through Texas Governor’s Division of Emergency Management

Criteria – According to the 2013 OMB Circular A-133 Compliance Supplement, Homeland Security Grant Program funds may be used to enhance the capability of State and local jurisdictions to prepare for and respond to terrorist acts including events of terrorism involving weapons of mass destruction and biological, nuclear, radiological, incendiary, chemical, and explosive devices. Allowable activities include purchase of needed equipment and provision of training and technical assistance to State and local first responders. Also, funds may be used for management and administration.

Additionally, funds awarded for law enforcement terrorism prevention activities under SHSP and UASI cannot be used for construction of facilities, except for minor perimeter security projects, as determined necessary by the Secretary of Homeland Security. The erection of communication towers, which are included in a jurisdiction’s interoperable communications plan, does not constitute construction. Communication tower projects are subject to all applicable laws, regulations, and licensing provisions.

Condition - An expense selection charged to the 2010 UASI-LETPA grant was determined to be an unallowable cost as it related to the construction portion of the related project. Grant Management was not aware the expenditure had been charged to the grant until it was brought to their attention as a result of the audit.

Context – 1 of 89 expenditure transactions tested were payments for items that were not included in the approved project.

Questioned Cost - \$5,719

Cause – Invoices were approved without referring to the list of allowable costs to be charged to the grant for the approved project. The Grant Manager and Grant Administrator indicated there was confusion regarding which costs were approved to be charged to the grant as only specific costs of the overall project had been approved by the granting agency.

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Effect – Without adequate allowable cost controls, the City is at risk of being unable to fulfill the allowable cost grant requirements for the Homeland grants. Additionally, if unallowable costs are charged to Homeland grants and submitted for reimbursement, such costs would not be reimbursed.

Recommendation – The City should implement procedures to review monthly activity posted in MARS to Homeland projects in comparison to the list of allowable costs for each approved project, and make corrections timely if transactions are posted to a project incorrectly.

Views of Responsible Officials – See Corrective Action Plan

2013-008 Noncompliance and Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department Southwest FWCC - Cash Management

Program – Texas Parks and Wildlife Department Southwest FWCC, from the Texas Parks and Wildlife Department, 2013

Criteria – Per the Texas Parks & Wildlife (TPWD) Recreation Grant Programs Instructions for Approved Projects, it is requested that sponsors submit reimbursement requests on a regular basis, quarterly if possible, to prevent large outstanding grant balances. The minimum reimbursement request amount is \$10,000 for construction projects.

Condition and Context - Grant Management submitted only 1 of 4 required quarterly reimbursement requests to the granting agency during FY13.

Questioned Costs - None

Cause - Although only one reimbursement request was submitted during FY13 rather than on a quarterly basis as required, the City believed that the reimbursement requests were not required to be submitted quarterly as the Texas Parks & Wildlife (TPWD) Recreation Grant Programs Instructions for Approved Projects does not state actual submission deadlines for the reimbursement requests.

Effect - Without adequate cash management controls and compliance with the grant agreement requirements, the City is at risk requesting reimbursements from the granting agency for expenditures not recorded to the grant, and result in violation of noncompliance with the grant agreement. Additionally, noncompliance with the grant agreement may result in the TPWD withholding payment to the sponsor, withholding action on pending projects proposed by the sponsor, and involving the State Attorney General's Office pursuant to Section 24 of the Parks & Wildlife Code.

Recommendation – Submit all quarterly reimbursement requests to TPWD or receive a written waiver from TPWD.

Views of Responsible Officials – See Corrective Action Plan

CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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2013-009 Noncompliance and Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department Southwest FWCC - Reporting

Program – Texas Parks and Wildlife Department Southwest FWCC, from the Texas Parks and Wildlife Department, 2013

Criteria – The City's grant agreement with the Texas Parks and Wildlife Department ("TPWD") requires the City to furnish quarterly progress status reports to TPWD beginning with the date of Parks and Wildlife Commission approval (March 4, 2011). These reports should be submitted on or before January 15th, April 15th, July 15th, and October 15th of each year. Per review of the Instructions For Approved Projects - Recreation Grant Programs at the TPWD website, the reports are required to be submitted in a standard format that includes "the progress with appraisal and land transfer negotiations, construction of project elements, reimbursement requests, any problems incurred, requested changes to the contract, and the feasibility of meeting compliance deadlines and project expiration date."

Condition and Context - Grant management failed to submit two quarterly progress status reports to the granting agency before the required deadlines.

Questioned Costs - None

Cause - Although the reports were submitted late, each one was accepted by TPWD. Thus the City believed a waiver was in place.

Effect - Untimely reporting may result in the inability of TPWD to adequately monitor the grant.

Recommendation - File all reports on a timely basis or receive a written waiver from TPWD.

Views of Responsible Officials - See Corrective Action Plan

2013-010 Noncompliance and Significant Deficiency in Internal Controls: Guinn School Renovation Project – Period of Availability

Program – Guinn School Renovation Project, from the University of North Texas Health Science Center ("UNTHSC"), 2013

Criteria – The Uniform Grant Management Standards (UGMS) Subpart C, Section 22, states that a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted. The grant agreement between UNTHSC and the City of Fort Worth (City) states the funds received during the State's fiscal year (September 1 through August 31) are to be incurred during the same fiscal year, and no rollover is permitted.

Condition – The City charged expenditures to the grant that were incurred subsequent to the grant period of availability.

Context – 16 out of 16 expenditure transactions selected for testing from periods subsequent to the grant period were not incurred within the grant period. However, most expenditures charged to the grant did occur during the grant period.

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Questioned Costs - \$23,589

Cause – Grant management kept charging expenditures to the project after the grant period of availability ended.

Effect - Without adequate period of availability controls, the City is at risk of being unable to fulfill the period of availability grant requirements for the Guinn School Renovation Grant. Additionally, if costs are charged to Guinn School Renovation Grant beyond their period of availability, such costs may have to be refunded back to UNTHSC.

Recommendation – The City should implement procedures to review monthly activity posted in the general ledger to Guinn School Renovation Projects and timely make corrections if transactions are posted to a project incorrectly.

Views of Responsible Officials - See Corrective Action Plan

Corrective Action Plan



Findings Related to the Financial Statements

2013-001 Significant Deficiency: Accounting for Capital Assets (updated from fiscal years 2004-2012)

Concur. At the end of each fiscal quarter, City departments will continue to receive all capital asset listings pertaining to their department from the Financial Management Services Department (FMS) Accounting Division regardless of the type of capital asset (i.e. improvements, buildings, infrastructure, etc.). This verification throughout the year will help ensure that each department's capital assets are consistent with yearly additions and deletions as well as depreciation calculations maintained by Financial Management Services Department (FMS).

Financial Management Services Department (FMS) will require each department to compare its information, and resolve any differences with Accounting's records. This process will allow for a common information stream and consistent records for internal and external users.

Additionally, FMS continues to work with City departments and an outside consultant to identify and document processes and procedures related to construction-in-progress and capital asset tracking. These efforts continue to result in improved identification, accounting, and reporting of the City's capital assets. This includes:

- 1) Properly classifying and accounting for costs related to capital assets;
- 2) Properly capturing and accounting for contributed assets;
- 3) Reconciling detailed capital asset records to the general ledger;
- 4) Assessing if all assets are accounted for (i.e. physically inventorying assets on a rotation basis);
- 5) Evaluating the useful life and salvage value for classes or types of capital assets;
- 6) Identifying potential impairments;
- 7) Complying with grant requirements for federally funded assets; and
- 8) Ensuring proper internal controls for City capital assets.

To better improve communication with departments, Financial Management Services Department (FMS) also utilizes the Fiscal Accountability Committee to educate and coordinate capital asset matters. Financial Management Services Department (FMS) will continue to develop and administer training on accounting and fiscal topics, which includes providing guidance and instruction on proper capital asset management.

The above mentioned improvements will be facilitated with the implementation of an Enterprise Resource Planning (ERP) financial system. This system will provide the means to better administer, monitor and enforce policies and procedures for overall accounting operations, inclusive of capital assets. System implementation is scheduled for Fiscal Year 2015.

Members of the Financial Management Services Department (FMS) Accounting Division met with Department Heads and fiscal management staff of all City operating departments during July and August of 2013 to discuss financial policies and the fiscal needs of each department. Topics covered during these meetings included grant compliance requirements, capital asset policies, and CIP capitalization guidelines. FMS will continue to meet with department heads and fiscal management staff of operating departments at least annually to discuss finance-related issues and foster better communication throughout the year.

A listing of all assets and CIP was sent to all City departments at the end of each quarter of Fiscal Year 2013. Each department was required to compare the asset listing to their records and work with the Accounting Division to resolve any differences.

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Contact Person: Jennifer Fung, Assistant Finance Director, 817-392-8325

2013-002 Significant Deficiency: IT Access and Operations Security Controls

Concur. Since September 2013, the hierarchy of the access control list for the folder cited in the AS400 item was simplified and user access was reviewed. The two accounts at issue were removed as a result of this process. Zena is being utilized as the job scheduler for IT batch jobs including PeopleSoft. Two other employees have access to Zena job scheduler due to their required job functions to schedule production batch jobs for other applications. Additionally, the Applications Development division in IT has taken over the responsibilities to support and maintain the Zena product as the standard job scheduler for distributed applications. This is scheduled to begin in April 2014.

Contact Person: Steve Streiffert, Assistant IT Director of Operations, 817-392-2221

Findings and Questioned Costs Related to Federal and State Awards

2013-003 Non-compliance and Significant Deficiency in Internal Controls: Airport Improvement Program – Reporting

Concur. The Aviation Department has processes in place to ensure that we are complying with reporting requirements to the FAA. The department has cross trained staff so that more than one person knows about and understands the reporting requirements. Aviation has also created a calendar in Share Point for these type of tasks. The calendar is reviewed in the regularly scheduled Management Staff meeting held weekly. The Administrative Assistant in charge of monitoring grants has set a recurring task in Outlook to make sure that the deadline is met. This process started in October 2013.

Contact Person: James Burris, Administration Manager Aviation, 817-392-5403

2013-004 Non-compliance and Significant Deficiency in Internal Controls: Litsey Road Widening–Reporting

Concur. The responsible project management team has initiated the development of a policy to submit reports in accordance with grant requirements. This project management team has initiated the development of a Project Transfer Checklist which will include reporting requirements such as those stated in Article 22 of the Advance Funding Agreement with the Texas Department of Transportation for the Litsey Road Widening. The project management team is also adopting a policy to use the checklist when a project is transferred from one project manager to another. This will be implemented starting April 2014.

Contact Person: Leon Wilson, Project Program Manager TPW, 817-392-8883

2013-005 Non-compliance and Significant Deficiency in Internal Controls: Low Income Home Energy Assistance Program, Community Services Block Grant, Homeland Security Grant Cluster, and Justice Assistance Grant Cluster – Reporting

Concur. To minimize late journal entries and speed up reconciliation:

- Grant management is exercising more control over the release of project funds to ensure Federal and State approval is issued for the requested equipment and services, resulting in the need to move fewer expenditures between grant years.
- The Accounting Division has assumed responsibility for applying reimbursements for grant expenditures for Homeland Security grants to the appropriate accounts speeding up the reconciliation process. This process started in August 2013.
- Grant management staff will start upcoming grant projects at the beginning of the calendar year as planned, providing departments at least 14 months to complete their work. Projects for all open grant projects were started on time as planned. This is a continuation of the process started in April 2013.
- As it relates to the Justice Assistance Grants, the Police Department will follow all grant guidelines set forth by the United States Department of Justice.

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Contact Persons: Sonia Singelton, Assistant Director Parks and Community Services, 817-392-5774
Eric Carter, Grant Manager Emergency Management, 817-392-2877
Christy Rodriguez, Program Support Manager Police, 817-392-4244

2013-006 Significant Deficiency in Internal Controls: Multiple Programs – Procurement

Concur. The City has implemented a procurement checklist to be used for all contracts and purchases. This checklist includes a step to check vendor suspension or debarment for all vendors. This checklist will be disseminated to all departments and they will be required to follow the checklist. This will be implemented starting April 2014.

Contact person: Jack Dale, Purchasing Manager Finance, 817-392-8357

2013-007 Noncompliance and Significant Deficiency in Internal Controls: Homeland Security Grant Cluster- Allowable Costs

Concur. To minimize late journal entries and speed up reconciliation:

- Grant management is exercising more control over the release of project funds to ensure Federal and State approval is issued for the requested equipment and services, resulting in the need to move fewer expenditures between grant years.
- The Accounting Division has assumed responsibility for applying reimbursements for grant expenditures for Homeland Security grants to the appropriate accounts speeding up the reconciliation process. This process started in August 2013.

Contact person: Eric Carter, Grant Manager Emergency Management, 817-392-2877

2013-008 Noncompliance and Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department Southwest FWCC - Cash Management

Concur. The department will implement a process for submitting reports on a quarterly basis. This will be implemented upon the next quarterly due date for Fiscal Year 2014.

Contact person: Mike Ficke, Architect Manager Parks and Community Services, 817-392-5746

2013-009 Noncompliance and Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department Southwest FWCC – Reporting

Concur. Starting with the quarter ending June 30, 2013 the City implemented the following report review and submission process:

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CORRECTIVE ACTION PLAN
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- A draft of the report was submitted for internal review to the Capital Projects/Infrastructure Manager 7 business days prior to the report deadline. The Capital Projects/Infrastructure Manager documented their review of the report via email approval.
- The final quarterly report was sent via email to the appropriate TPWD staff prior to the submittal deadline date and copies to the Capital Projects/Infrastructure Manager.

Contact person: Mike Ficke, Architect Manager Parks and Community Services, 817-392-5746

***2013-010 Noncompliance and Significant Deficiency in Internal Controls: Guinn School Renovation Project
– Period of Availability***

Concur. The City is waiting on an amended contract from UNTHSC. It will address the authorization to continue spending funds beyond the original contract date. The expected date of receiving the amendment is April 2014 with amended dates from September 1, 2013 to August 31, 2014.

Contact person: Robert Sturns, BAC Center Housing and Economic Development, 817-212-2663



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Status of Prior Year Findings



**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
SEPTEMBER 30, 2013**

12-II.1 Significant Deficiency: Accounting for Capital Assets (updated from fiscal years 2004-2011)

Condition – A significant amount of effort has been made by the City over the past several years to improve the practices used to account for and report the City’s investment in capital assets. For fiscal years 2008 through 2012, we did not note the level of errors that were noted in previous years related to capital assets. Audit adjustments for fiscal years 2008 through 2012 related to capital assets were generally isolated to specific areas of the accounting process. However, there are certain matters that remain unresolved. These matters include:

- The need for the City to upgrade its current Excel-based approach to accounting for capital assets to a more controlled database environment, such as a module to the planned ERP system
- A lack of consistent application of the City’s formalized written policies for capital assets by all departments of the City
- A lack of proper communication between the Financial Management Services Department and other City departments regarding Construction-in-Progress (CIP), resulting in improper classification of certain completed projects within CIP and improper timing of reclassification of CIP to capital assets in use, specifically in smaller enterprise funds for fiscal 2012

Cause – The City has multiple departments and contractors managing construction projects and capital assets without consistent, complete application of the proper procedures to account for transactions or purchases. Formal procedures are not in place to establish timely communication regarding capital asset transactions between the various departments and the Financial Management Services Department.

Recommendation – The following recommendations should be considered by City management.

- Implement a more sophisticated system of accounting for capital assets. Such a system should contain automated controls to ensure proper accounting and reconciliation of capital assets. Consider the importance of fully integrating an electronic capital asset system with the City’s general ledger system and plan appropriate timing for the implementation of any new capital asset system relative to the City’s overall ERP implementation time-table.
- Implement and provide training on the City’s policy that defines when CIP projects are considered complete and should be transferred to completed assets.
- On an overall basis, improve communication between the operating departments and the Financial Management Services Department related to capital assets.

Current Status of Corrective Action Plan:

Repeated. The implementation of the Corrective Action Plan is on track, see Current Year Finding (2013-001)

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
SEPTEMBER 30, 2013**

12-III.1 Non-compliance and Significant Deficiency in Internal Controls: Low Income Housing Assistance Program, Community Services Block Grant, and Homeland Security Cluster – Reporting

Programs:

- CFDA 93.568, Low Income Housing Assistance Program, from the U.S. Department of Health and Human Services, 2012 – passed through the Texas Department of Housing and Community Affairs
- CFDA 93.569, Community Services Block Grant, from the U.S. Department of Health and Human Services, 2012 – passed through the Texas Department of Housing and Community Affairs
- CFDA 97.008/97.053/ 97.067/97.071/97.073, Homeland Security Cluster, from the Department of Homeland Security, 2012 - passed through Texas Governor’s Division of Emergency Management

Condition and Context – We noted that in the case of each of these grants, the reports were filed on a timely basis, but required certain reconciliation and corrections in the general ledger, sometimes months afterwards, in order to appropriately tie the report to the general ledger. Prior to this correction, amounts reflected in interim reports or on the Schedule of Expenditures of Federal Awards may report expenditures in the wrong grant year.

Cause – The City receives these grants on a continuing basis. However, one grant year is not appropriately segregated from the next year until reconciliation is prepared months after the report is submitted. Because the grants are always fully spent each year, there is no correction to the reports that is necessary, but multiple corrections in the general ledger are necessary to achieve the appropriate segregation of grant years and reflect the underlying records in a way that ties to the reports that were submitted.

Recommendation – Strengthen controls and communication around the recording of all grant-funded expenditures. Closely monitor the opening and close-out of each grant year.

Current Status of Corrective Action Plan:

The implementation of the Corrective Action Plan is on track, see Current Year Finding (2013-005).

12-III.2 Significant Deficiency in Internal Controls: Multiple Programs – Procurement

Programs:

- CFDA 20.205/20.219 Highway Construction Cluster, from the U.S. Department of Transportation and passed through the Texas Department of Transportation, 2012
- CFDA 20.106 Airport Improvement Program, from the U.S. Department of Transportation and passed through the Texas Department of Transportation, 2012
- CFDA 66.458 Clean Water State Revolving Loan Program, from the U.S. Environmental Protection Agency and passed through the Texas Water Development Board, 2012
- CFDA 81.128 ARRA Energy Efficiency Community Block Grant, from the U.S. Department of Energy, 2012
- State Program Guinn School Renovation, from the Texas Comptroller of Public Accounts and passed through the University of North Texas Health Science Center, 2012
- State Program Texas Parks and Wildlife Department Southwest FWCC, from the Texas Parks and Wildlife Department, 2012

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
SEPTEMBER 30, 2013**

Condition and Context – The City failed to document its verification that the prime contractor was not on the list of suspended and debarred companies:

- In 1 out of 1 vendors tested for the Highway Construction Cluster
- In 1 out of 2 vendors tested for the Airport Improvement Program
- In 3 out of 3 vendors tested for the Clean Water State Revolving Loan Program
- In 2 out of 2 vendors tested for the ARRA Energy Efficiency Community Block Grant
- In 1 out of 1 vendors tested for the Guinn School Renovation
- In 1 out of 1 vendors tested for the Texas Parks and Wildlife Department Southwest FWCC

Cause – The Prime Contractor is not on the list of suspended or debarred companies, but the City only verified that the surety bonds and insurance were valid.

Recommendation – Strengthen controls and communication around the process of the suspension and debarment check for all grant-funded vendors.

Current Status of Corrective Action Plan:

The implementation of the Corrective Action Plan is on track, see Current Year Finding (2013-006).

12-III.3 Noncompliance and Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department Southwest FWCC – Reporting

Programs: Texas Parks and Wildlife Department Southwest FWCC, from the Texas Parks and Wildlife Department, 2012

Condition and Context – Grant management failed to submit all four quarterly progress status reports to the granting agency before the required deadlines.

Cause – Although the reports were submitted late, each one was accepted by TPWD. Thus the City believed a waiver was in place.

Recommendation – File all reports on a timely basis or receive a written waiver from TPWD.

Current Status of Corrective Action Plan:

Repeated. The implementation of the Corrective Action Plan is on track, see Current Year Finding (2013-009)



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LIST OF ABBREVIATIONS

| | | |
|----------------|---|--|
| ATCT | - | Air Traffic Control Tower |
| CAPER | - | Consolidated Annual Performance and Evaluation Report |
| CDBG | - | Community Development Block Grant |
| CEAP | - | Comprehensive Energy Assistance Program |
| CFDA | - | Catalog of Federal Domestic Assistance |
| CFW or COFW | - | City of Fort Worth |
| CHDO | - | Community Housing Development Organizations |
| CIP | - | Construction-in Progress |
| CO4PR26 | - | IDIS Report: CDBG Financial Summary |
| COPS | - | Community Oriented Policing Services |
| CSBG | - | Community Services Block Grant |
| DEA | - | Drug Enforcement Administration |
| DNA | - | Deoxyribonucleic Acid |
| DOE | - | Department of Education |
| ECC | - | Environmental Collection Center |
| EDA | - | Economic Development Administration |
| EDART | - | Enhanced Domestic Abuse Response Team |
| EDI | - | Economic Development Initiative |
| EMPACT | - | Environmental Monitoring for Public Access and Community Tracking |
| EPA | - | Environmental Protection Agency |
| ERP | | Enterprise Resource Planning |
| FAA | - | Federal Aviation Administration |
| FMS | - | Financial Management Services |
| FATS | - | Fixed Assets Tracking System |
| FHIP | - | Fair Housing Initiative Program |
| FWEDC | - | Fort Worth Economic Development Corporation |
| FY | - | Fiscal Year - Normally refers to the year in which a grant was awarded |
| GASB | - | Governmental Accounting Standards Board |
| HHW | - | Hazard Household Waste |
| HOME | - | Home Investment Partnership Program |
| HOPWA | - | Housing Opportunities for Persons With AIDS |
| HUD | - | Housing and Urban Development |
| IDIS | - | Integrated Disbursement and Information System |
| ITC | - | Intersection Traffic Control |

LIST OF ABBREVIATIONS

| | | |
|--------|---|--|
| LIHEAP | - | Low Income Home Energy Assistance Program |
| MARS | - | Management and Accounting Reporting System |
| OJJDP | - | Office of Juvenile Justice and Delinquency Prevention |
| OMB | - | Office of Management and Budget |
| POFZ | - | Precision Obstacle Free Zone |
| PY | - | Program Year (usually June 1 - May 31) |
| RAMP | - | Routine Airport Maintenance Program |
| RAS | - | Risk Advisory Services |
| RLF | - | Revolving Loan Fund |
| SCRAM | - | Sex Crime Apprehension and Monitoring |
| SF272 | - | Standard Form 272 |
| SMGCS | - | Surface Movement Guidance and Control System |
| SRF | - | State Revolving Fund |
| STEP | - | Selective Traffic Enforcement Program |
| TDHCA | - | Texas Department of Housing and Community Affairs |
| TPW | - | Transportation and Public Works |
| UGMS | - | Uniform Grant Management Standards |
| UPARR | - | Urban Park and Recreation Recovery |
| WAVE | - | The term “Wave” is derived from the focus on media and enforcement in “waves” during specific holiday periods. |

