



**SINGLE AUDIT REPORT**  
**For the Fiscal Year Ended**  
**September 30, 2012**  
**CITY OF FORT WORTH, TEXAS**



## Fort Worth's contributions to our national defense

**In the words of President John F. Kennedy:**

*Three years ago last September I came here, with the Vice President, and spoke at Burke Burnett Park, and I called, in that speech, for a national security policy and a national security system which was second to none, a position which said not first, but, if, when and how, but first. That city responded to that call as it has through its history. And we have been putting that pledge into practice ever since.*

*And I want to say a word about that pledge here in Fort Worth, which understands national defense and its importance to the security of the United States. During the days of the Indian War, this city was a fort.*

*During the days of World War I, even before the United States got into the war, Royal Canadian Air Force pilots were training here. During the days of World War II, the great Liberator bombers, in which my brother flew with his co-pilot from this city, were produced here.*

*The first nonstop flight around the world took off and returned here, in a plane built in factories here. The first truly intercontinental bomber, the B-36, was produced here. The B-58, which is the finest weapons system in the world today, ... is a Fort Worth product.*

*So wherever the confrontation may occur, and in the last 3 years it has occurred on at least three occasions, in Laos, Berlin, and Cuba, and it will again-wherever it occurs, the products of Fort Worth ... provide us with a sense of security.*

**These excerpted remarks are part of a speech made at the Fort Worth Chamber Of Commerce Breakfast at Hotel Texas in Fort Worth on November 22, 1963.**

**The images depicted in the following pages provide an historical perspective on only a few of the many “products of Fort Worth” that President Kennedy was so proud of. They are also a tribute to the grit and tenacity of Fort Worth citizens who continue to make our national defense a top priority.**

**Cover Photograph: The USS Fort Worth (LCS 3) is pictured as it deftly glides through sea trials. (Picture courtesy of Lockheed Martin)**

# Single Audit Report

For the Fiscal Year Ended  
September 30, 2012

## CITY OF FORT WORTH, TEXAS

### Elected Officials

2012 City Council

Betsy Price, Mayor

Kelly Allen Gray  
Salvador Espino  
Danny Scarth  
Joel Burns

Jungus Jordan  
Dennis Shingleton  
W.B. Zimmerman  
Frank Moss

### City Manager

Thomas Higgins

### Chief Financial Officer

Horatio Porter

### 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.

## **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 the State of Texas Uniform Grant Management Standards 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 schedule 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 upon 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 the State of Texas Uniform Grant Management Standards ("UGMS").
3. Schedule of Findings and Questioned Costs.



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March 19, 2013

The Honorable Mayor, City Council and City Manager  
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, 2012 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 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.

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#### **FINANCIAL MANAGEMENT SERVICES DEPARTMENT**

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

## ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the dedicated services of the staff of the Financial Management Services Department. We express our appreciation to those staff members of both the Accounting Division of the Financial Management Services Department and Deloitte & Touche LLP, who worked many hours to ensure the accuracy of this report. In addition, we express appreciation to the Mayor, City Council and City Manager for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectfully submitted,



Thomas Higgins  
City Manager



Horatio Porter  
Chief Financial Officer

## **OVERVIEW OF THE CITY'S FISCAL YEAR 2012 ANNUAL AUDIT**

This report has been prepared in connection with the fiscal year 2012 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 2012 annual audit included the requirements of the Single Audit Act Amendments of 1996, the Office of Management and Budget 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



## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Fort Worth, Texas (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 19, 2013. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Employees' Retirement Fund of the City of Fort Worth for the year ended September 30, 2012 (which comprises 99% of the net assets 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*. Other auditors audited the financial statements of the Villas of Eastwood Terrace LLC, a blended component unit of the City, for the year ended December 31, 2011, (which comprise approximately 1% of assets, fund balance and revenues of the non-major governmental funds of the City), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not

identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 12-II.1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 19, 2013.

The City's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, the City management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

March 19, 2013

## **INDEPENDENT AUDITORS' 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 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

### Compliance

We have audited the compliance of the City of Fort Worth, Texas (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("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 its major federal and state programs for the year ended September 30, 2012. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit. The City's basic financial statements include the operations of the Villas of Eastwood Terrace LLC, a blended component unit of the City, for the year ended December 31, 2011, which received approximately \$9 million in federal awards which is not included in the City's Schedule of Expenditures of Federal Awards for the year ended September 30, 2012. Our audit, described below, did not include the operations of the Villas of Eastwood Terrace LLC because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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/or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and UGMS and which are described in the accompanying schedule of findings and questioned costs as items 12-III.1 and 12-III.3.

### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-III.1, 12-III.2, and 12-III.3. 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.

### Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the City as of and for the year ended September 30, 2012, and have issued our report dated March 19, 2013, which included a reference to other auditors, and contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City taken 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of

Federal and State Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, the City management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

March 19, 2013



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# Financial Section



CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
<b>FEDERAL AWARDS:</b>				
<b>U. S. DEPARTMENT OF AGRICULTURE</b>				
Passed through Texas Health and Human Services Commission:				
2011 Child and Adult Care Nutrition Program	10.558	CON 7543008 PGRM TX 202-10	\$ (105,114)	
2012 Child and Adult Care Nutrition Program	10.558	CON 01514-CACP	44,671	
Sub-total for Program			<u>(60,443)</u>	
2010 Summer Food	10.559	CON 7543008	23,247	
2011 Summer Food	10.559	CON 7543008	118,324	
2012 Summer Food	10.559	CON 7543008	786,016	
Sub-total for Program			<u>927,587</u>	
Total U. S. Department of Agriculture			<u>867,144</u>	
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Early Childhood Resource Center(Continuation)	93.647	90XP0425	122,043	
Children's Voices, Family Choices, Community Solutions	93.104	5U79SMS4497-04	(6)	
2006 - BHEP	93.283	7560005286A2006	(1,747)	
2009 - 2010 BHEP	93.283	CS39626	(384)	
2011 - BHEP	93.283	CSC 41494	(3,012)	
2012 - BHEP	93.283	CSC 43217	996	
Sub-total for Program			<u>(4,147)</u>	
Passed Through Texas Department of Housing and Community Affairs:				
2011 Community Services Block Grant	93.569	61110001127	570,044	
2012 Community Services Block 2000 Grant	93.569	61000001425	134,373	
2012 Community Services Block Grant	93.569	61120001308	1,093,671	
Sub-total for Program			<u>1,798,088</u>	
TDHCA - Weatherization- LIHEAP	93.568	81100000909	(2,230)	
2011 Comprehensive Energy Assistance Program	93.568	58110001080	2,414,205	
2012 Comprehensive Energy Assistance Program	93.568	58120001356	3,960,149	
2011 LIHEAP Weatherization	93.568	81110001166	867,089	
2012 LIHEAP Weatherization	93.568	81120001405	247,859	
Sub-total for Program			<u>7,487,072</u>	
Total U. S. Department of Health and Human Services			<u>9,403,050</u>	
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs:				
HOME Program (PY 2005-2006)	14.239	M-05-MC-48-0204	68,826	\$ 68,826
HOME Program (PY 94)	14.239	Loan Receivable	812,351	
HOME Program (PY 95)	14.239	M-95-MC-48-0204	32,292	32,292
HOME Program (PY 06-07)	14.239	M-06-MC-48-0204	65,052	65,052
HOME Program (PY 07-08)	14.239	M-07-MC-48-0204	70,063	63
HOME Program (PY 08-09)	14.239	M-08-MC-48-0204	892,905	342,504
HOME Program (PY 09-10)	14.239	M-09-MC-48-0204	259,209	152,446
HOME Program (PY 10-11)	14.239	M-10-MC-48-0204	159,643	
HOME Program (PY 11-12)	14.239	M-11-MC-48-0204	1,571,554	
HOME Program (PY 01)	14.239	M-01-MC-48-0204	18,543	18,543
HOME Program (PY 04-05)	14.239	M-04-MC-48-0204	23,820	23,820
Sub-total for Program			<u>3,974,258</u>	<u>703,546</u>
CDBG-31st-Year - (PY2005-2006)	14.218	B-05-MC-48-0010	50,961	
CDBG-26th-Year - 2000	14.218	B-00-MC-48-0010	18,294	
CDBG-32nd-Year - (PY06-07)	14.218	B-06-MC-48-0010	587,785	
CDBG-33rd-Year -(PY07-08)	14.218	B-07-MC-48-0010	109,037	
CDBG-34th-Year - (PY08-09)	14.218	B-08-MC-48-0010	565,409	161,166
Neighborhood Stabilization Program	14.218	B-08-MN-48-0004	1,135,204	1,127,824
CDBG-35th-Year -(PY09-10)	14.218	B-09-MC-48-0010	1,319,343	404,181
HUD Restricted Cash	14.218	M&C G-16867	223,962	
CDBG-36th-Year - (PY10-11)	14.218	B-10-MC-48-0010	583,978	29,631
CDBG-37th-Year - (PY11-12)	14.218	B-11-MC-48-0010	4,135,195	947,278
CDBG-27th-Year - 2001	14.218	B-01-MC-48-0010	45,083	
CDBG-28th-Year - (PY02-03)	14.218	B-02-MC-48-0010	49,513	
CDBG-29th-Year - (PY03-04)	14.218	B-03-MC-48-0010	347,872	
CDBG-30th-Year - (PY04-05)	14.218	B-04-MC-48-0010	261,635	
Sub-total for Program			<u>9,433,271</u>	<u>2,670,080</u>
Lead Hazardous Reduction Program	14.905	TX-LHD-0246-12	64,915	
Emergency Shelter Grant (PY 2010-2011)	14.231	S-10-MC-48-0006	9,926	9,926

CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
Emergency Shelter Grant (PY 2011-2012)	14.231	S-11-MC-48-0006	772	
Emergency Shelter Grant (PY 2011-2012)	14.231	S-11-MC-48-0006	217,818	178,586
Emergency Shelter Grant (PY99)	14.231	S-99-MC-48-0006	2,379	2,379
Emergency Shelter Grant (PY00)	14.231	S-00-MC-48-0006	6,679	6,679
Emergency Shelter Grant (PY 06)	14.231	S-06-MC-48-0006	2,536	2,536
Emergency Shelter Grant (PY08)	14.231	S-07-MC-48-0006	4,061	4,061
Emergency Shelter Grant (PY01)	14.231	S-01-MC-48-0006	1,864	1,864
Emergency Shelter Grant (PY 02-03)	14.231	S-02-MC-48-0006	5,525	5,525
Emergency Shelter Grant (PY 04)	14.231	S-04-MC-48-0006	206	206
Emergency Shelter Grant (PY 03-04)	14.231	S-03-MC-48-0006	3,902	3,902
Sub-total for Program			<u>255,668</u>	<u>215,664</u>
Fair Housing Assistance Program (PY 2009-2010)	14.401	FF-206-K-09-6002	(8,775)	
Fair Housing Assistance Program (PY 2010-2011)	14.401	FF-206-K-10-6002	217,122	
Fair Housing Assistance Program (PY 2009-2010)	14.401	FF-206-K-11-6002	356,178	
Sub-total for Program			<u>564,525</u>	
Evans Rosedale EDI Project	14.251	B-98-ED-48-0017	126,273	
Trinity River Vision EDI 09	14.251	B-09-SP-TX-0118	285,000	285,000
Trinity River Vision EDI 10	14.251	B-10-SP-TX-0095	500,000	500,000
Sub-total for Program			<u>911,273</u>	<u>785,000</u>
ARRA-Community Development Block Grant-R	14.253	B-09-MY-48-0010	652,121	
ARRA-Homeless Prevention & Rapid Rehousing Program	14.257	S-09-MY-48-0006	418,930	417,873
HOPWA Grant(PY 2009-2010)	14.241	TXH09-F002	43,193	43,193
HOPWA Grant (PY 2006)	14.241	TXH06-F002	185	185
HOPWA Grant (PY 2010-2011)	14.241	TXH10-F002	215	
HOPWA Grant (PY 2011-2012)	14.241	TXH11-F002	696,267	672,516
HOPWA Grant (PY 2003-2004)	14.241	TXH03-F002	2,787	2,787
HOPWA Grant (PY 1999)	14.241	TXH99-F002	3,292	3,292
HOPWA Grant (PY 2000)	14.241	TXH00-F002	947	947
HOPWA Grant (PY 2001)	14.241	TXH01-F002	283	283
HOPWA Grant (PY 2002)	14.241	TXH02-F002	5,297	5,297
HOPWA Grant (PY 2004-2005)	14.241	TXH04-F002	14,786	14,786
Sub-total for Program			<u>767,252</u>	<u>743,286</u>
Total U. S. Department of Housing and Urban Development			<u>17,042,213</u>	<u>5,535,449</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
2010 Equal Employment Opportunity Commission	30.002	EECCN100090	16,582	
2011 Equal Employment Opportunity Commission	30.002	EECCN100090MOD0006	13,079	
Total Equal Employment Opportunity Commission			<u>29,661</u>	
U. S. DEPARTMENT OF JUSTICE				
2010 Coverdell Forensic Science	16.742	2010-CD-BX-0087	31,575	
2011 Coverdell Forensic Science	16.742	2010-DN-BX-0100	33,540	
Passed through the Office of the Governor Criminal Justice Division:				
2012 State Coverdell Forensic Science	16.742	CD-11-A10-24157-02	76,914	
Sub-total for Program			<u>142,029</u>	
Federal Asset Forfeiture Program	16.UNKNOWN	MOU	1,421,628	
ATF Joint Task Force	16.UNKNOWN	CS37212	30,635	
2011 United States Marshals Service	16.UNKNOWN	CS41389	3,717	
Sub-total for Program			<u>1,455,980</u>	
2010 Solving Cold Case with DNA	16.741	2010-DN-BX-K012	134,420	
Passed through the North Central Texas Council of Governments:				
DFW Fast	16.609	2009-GP-BX-0008	(4,991)	
Project Safe Neighborhood	16.609	2010-GP-BX-0017	21,288	
Passed through the Mosaic Family Services:				
2012 Project Safe Neighborhood	16.609	2011-GP-BX-0060	3,021	
Sub-total for Program			<u>19,318</u>	
2010 Human Trafficking Task Force	16.582	2010-VT-BX-0002	20,851	
Passed through the City of Arlington:				
2011 Human Trafficking Task Force	16.320	CSC 43380	4,332	
Sub-total for Program			<u>25,183</u>	
ARRA-FY2009 Recovery Act JAG	16.804	2009-SB-B9-1479	986,703	606,363
2012 DEA DFW Airport Task Force	16.579	CSC 42435	33,264	
2012 Multi Agency Task Force	16.579	CSC 42348	122,190	

CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA		FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
	NUMBER	CONTRACT NUMBER		
2012 OCDE Task Force	16.579	CSC 42916	9,999	
FBI Joint Terrorism Task Force	16.579	CSC 31470	12,569	
FBI Safe Streets Task Force	16.579	CSC 40872	47,031	
Sub-total for Program			<u>225,053</u>	
Tarrant County Justice Assistance Grant	16.738	2007-DJ-BX-1199	115,572	
2008 Justice Assistance Grant	16.738	2008-DJ-BX-0637	22,817	
2009 Justice Assistance Grant	16.738	2009-DJ-BX-1379	123,797	120,385
2010 Justice Assistance Grant	16.738	2010-DJ-BX-0164	37,448	35,884
Sub-total for Program			<u>299,634</u>	<u>156,269</u>
Child Sexual Predator Program	16.710	2010-CS-WX-0020	223,715	
Total U. S. Department of Justice			<u>3,512,035</u>	<u>762,632</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Alliance Design/Construct Improvements	20.106	3-48-0296-32-2007	18,807	
Alliance Runway Extension Ph VIII	20.106	3-48-0296-33-2007	4,669,077	
Alliance Runway Extension Phase IX	20.106	3-48-0296-34-2008	2,606,699	
Alliance Runway Extension X	20.106	3-48-0296-40-2009	586,783	
Alliance Runway Extension XI	20.106	3-48-0296-42-2010	(1,157,503)	
Alliance Runway Rehab and ARFF	20.106	3-48-0296-41-2010	704,863	
Alliance Runway Extension Phase XII	20.106	3-48-0296-43-2011	2,835,786	
Alliance ARFF Phase II	20.106	3-48-0293-35-2008	51,245	
AFW ARFF Phase 2/Addition	20.106	3-48-0296-39-2009	153,070	
AFW Run/Taxiway Rehab & Phase 1 ARFF	20.106	3-48-0296-38-2009	69,814	
AFW Noise Study, ARFF VEH, REH	20.106	3-48-0293-36-2008	1,842	
Alliance Runway Rehabilitation	20.106	3-48-0296-46-2012	33,093	
Alliance Runway Extension	20.106	3-48-0296-47-2012	167,007	
Sub-total for Program			<u>10,740,583</u>	
Passed through Texas Department of Transportation:				
Spinks Airfield Upgrades Phase II	20.106	CSJ 0502SPINK	2,228	
Meacham Repair Runway 16/34	20.106	CSJ 0702MEACH	1,943,320	
Spinks 2012 Ramp	20.106	CSJ M202SPNKS	44,378	
Meacham 2012 Ramp	20.106	CSJ M202MECHM	50,000	
FWS Airfield Upgrades	20.106	CSJ 0702SPINK	645,939	
Spinks FWS Eastside Improvements	20.106	CSJ 1102SPINK	12,506	
FTW Reconstruct Apron A	20.106	CSJ 1002MEACH	31,818	
Alliance 2012 Ramp	20.106	CSJ M202ALCNE	33,911	
Runway 16/34 Repair and Apron Expansion	20.106	CSJ 0502MEACH	4,617	
FTW Meacham Apron A Construction	20.106	CSJ 1202MEACH	475,268	
Wildlife Assessment	20.106	CSJ 1202MCHAM	7,004	
Spinks 2013 Ramp	20.106	CSJ M302SPNKS	3,758	
Sub-total for Program			<u>3,254,747</u>	
2010 Motor Carrier Safety Assistance Program	20.218	MH10485000000	(33)	
2011 Motor Carrier Safety Assistance Program	20.218	FM-MHP-0039-11-01-01	66,953	
2012 Motor Carrier Safety Assistance Program	20.218	FM-MHP-0093-12-01-00	6,348	
Sub-total for Program			<u>73,268</u>	
Passed through Texas Department of Transportation:				
2012 STEP Comprehensive	20.600	2012-FORTWORT-S-1YG-0085	250,420	
2012 STEP Commerical Motor Vehicle	20.600	2012-FORTWORT-S-1YG-0106	36,240	
Sub-total for Program			<u>286,660</u>	
Passed through Texas Department of Transportation:				
2012 STEP Impaired Driving Mobilization	20.601	2012-Fortworth-IDM-00011	7,564	
Magnolia Village I Pedestrian/Street Improvement	20.205	CSJ 0902-48-536	11,263	
Sycamore School Road Quiet Zone Project	20.205	CSJ 0902-48-685	398	
Peach St Rr Safety Improvement Project	20.205	CSJ 0902-48-688/689	2,957	
Hemphill West Quiet Zone Project	20.205	CSJ 0902-48-686	262,149	
Magnolia Ave Rr Crossing Project	20.205	CSJ 0902-48-687	11,864	
South Central High Speed Corridor	20.205	CSJ 0902-48-694	10	
W 7TH ST Bridge Construction	20.205	CSJ 0902-48-505	21,219	
Traffic Signal Light	20.205	95XXF6099	9,889	
TXDOT - Traffic Signal System Expansion CMAQ5	20.205	CSJ 0902-48-587 & 0902-48-588	23,203	
Ridglea/Westridge Village Pedestrian & Streetcar Dev	20.205	CSJ 0902-48-582	16,682	
Signage and Information System	20.205	CSJ 0902-48-508	49,161	
Berry Street Construction	20.205	CSJ 0902-48-558, 48-490 & 48-410	42,425	
Ninth St Pedestrian & Streetcar Development	20.205	CSJ 0902-48-495	21,029	
South of Seventh St Project	20.205	CSJ 0902-48-562, 48-698 & 48-699	1,450,080	
Urban Village Southeast Cluster	20.205	TxDOT 0902-48-682	52,198	
Urban Village Southwest Cluster	20.205	TxDOT 0902-48-683	(9,542)	

CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
East Rosedale Street Construction	20.205	17201042	281,281	
Safe Route to School KISD	20.205	CSJ 0902-48-777	912	
Sub-total for Program			<u>2,247,178</u>	
Passed through Texas Parks and Wildlife: Regional Park Grant	20.219	53-00009	25,091	
Hyde Park	20.507	29793-AI	40,087	
Total U.S. Department of Transportation			<u>16,675,178</u>	
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Passed through Texas Water Development Board: Clean Water State Revolving Fund-Tier 3	66.458	CWSRTier III 2007	6,528,864	
Drinking Water State Revolving Fund-Tier 3	66.468	DWSRF - 2007	4,043,240	
ARRA-2009 SRF Reclaim Water	66.468	DWSRF - 2007	1,448,189	
Drinking Water State Revolving Fund-Tier 3	66.468	Project 61152	10,760,230	
Sub-total for Program			<u>16,251,659</u>	
Passed through Texas Commission for Environmental Quality (TCEQ) PM 10 (EPA) Section 105	66.001	582-11-86421	29,069	
PM 10 (EPA) Section 105 2011-2012	66.001	582-12-10011	59,015	
Sub-total for Program			<u>88,084</u>	
Hazard Substance and Petroleum Assessment Fund Total Environmental Protection Agency	66.818	BF-96629801-0 & 96616401-0	101,283	
			<u>22,969,890</u>	
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through Texas Engineering Extension Service 2007 Federal Homeland Security Grant Program - SHSP	97.073	07-GA-27000-03	(31,367)	
2008 Federal Homeland Security Grant Program - SHSP	97.073	08-GA-27000-05	25,223	
Sub-total for Program			<u>(6,144)</u>	
Passed through Texas Governor's Division of Emergency Management 2008 HSGP-UASI	97.008	08-GA-27000-10	670,296	
2008 HSGP-UASI LEAP	97.008	08-GA-27000-10	22,637	
2009 HSGP-UASI GENERATOR	97.008	09-GA-27000-01	(182,189)	
2009 HSGP-USAI LEAP	97.008	09-GA-27000-10	488,527	
2010 HSGP-UASI	97.008	10-SR-27000-01	904,056	
2010 HSGP-UASI LEAP	97.008	10-SR-27000-01	101,111	
Sub-total for Program			<u>2,004,438</u>	
2008 HSGP-MMRS	97.071	08-GA-27000-10	134,933	
2009 HSGP-MMRS	97.071	09-SS-T9-0064	71,806	
2010 HSGP-MMRS	97.071	10-SR-27000-01	307,496	
Sub-total for Program			<u>514,235</u>	
FEMA Lebrow Channel Roadway	97.047	LPDM-PJ-06-TX-2008-004(0)	459,000	
ICE Task Force	97.UNKOWN	MOU	5,404	
2010 HSGP-CCP	97.053	10-SR-27000-01	9,182	
Buffer Zone Protection Program	97.078	2010-BF-T0-0015	345,037	
2011 HSGP-SHSP LETPA	97.067	11-SR-27000-03	67,203	
2011 HSGP-UASI	97.067	11-SR-27000-01	140,075	
2010 HSPG- MMRS	97.067	11-SR-27000-04	18,083	
Sub-total for Program			<u>225,361</u>	
Hurricane Katrina	97.036	EM-3216-TX	19,509	
2010 Emergency Management	97.042	10TX-EMPG-0177	(5,951)	
2011 Emergency Management	97.042	11TX-EMPG-0177	17,017	
2009 Emergency Management	97.042	2009-EP-E9-0005	10,860	
Sub-total for Program			<u>21,926</u>	
Pass through Dallas Police Department DNDO Radiation Detection Equipment	97.121	MOU	169,663	

CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
Pass through Texas Commission on Environmental Quality				
Biowatch Monitoring Activities	97.091	582-10-86405	303,479	
2013 Biowatch	97.091	582-13-30017	22,760	
Sub-total for Program			<u>326,239</u>	
Total Department of Homeland Security			<u>4,093,850</u>	
U. S. DEPARTMENT OF ENERGY				
ARRA-Energy Efficiency Community Block Grant	81.128	DE-EE00000163	2,624,111	
Passed through North Texas Council of Governments				
ARRA-Converting Ten Vehicles to Propane	81.041	CSC 42050	155,185	
Passed through Texas State Energy Conservation Office				
ARRA-Texas State Energy Conservation	81.041	CSC CS0015	688,914	
Sub-total for Program			<u>844,099</u>	
Passed through Texas Department of Housing and Community Affairs				
ARRA-DOE Weatherization	81.042	16090000664	1,399,493	
ARRA-DOE Weatherization	81.042	16090000705	104,252	
2010 DOE Weatherization	81.042	56100000953	(562)	
2011 DOE Weatherization	81.042	56110001205	331,531	
2012 DOE Weatherization	81.042	56120001474	53	
Systems Benefit Fund	81.042	TDHCA 301008	5,730	
Sub-total for Program			<u>1,840,497</u>	
Total U. S. Department of Energy			<u>5,308,707</u>	
U. S. DEPARTMENT OF EDUCATION				
Passed through Texas Education Agency and Fort Worth ISD				
Fort Worth ISD 21st Century Learning Program	84.287	CSC 39597- R2	90,305	
Fort Worth ISD 21st Century Learning Program	84.287	MOU	9,352	
Total U.S. Department of Education			<u>99,657</u>	
EXECUTIVE OFFICE OF THE PRESIDENT				
Passed Through the Office of National Drug Control Policy and Navarro County, Texas				
2011 North Texas High Intensity Drug Trafficking Area	95.001	CSC 41223	(883)	
2012 North Texas High Intensity Drug Trafficking Area	95.001	CSC 42334	107,375	
Total Executive Office of the President			<u>106,492</u>	
INTERNAL REVENUE SERVICE				
2011 Internal Revenue Service- North Tx Asset Forfeiture	21.41505	CSC 41505 & 42666	27,672	
Total Internal Revenue Service			<u>27,672</u>	
Total Federal direct and pass-through Awards			<u>\$ 80,135,549</u>	<u>\$ 6,298,081</u>
STATE AWARDS:				
TEXAS STATE ATTORNEY GENERAL'S OFFICE				
Other Victim Assistance Grant		1015783	(4,253)	
2012 Victim Coordinator and Liaison Grant		1226620	45,548	
2012 Compensation Victim Crime Fund		CSC 42902	125,194	
Total Texas State Attorney General's Office			<u>166,489</u>	
TEXAS DEPARTMENT OF WILDLIFE AND PARKS				
TPWD Southwest FWCC		56-00002	454,692	
Total Texas Department of Wildlife and Parks			<u>454,692</u>	
TEXAS DEPARTMENT OF MOTOR VEHICLES				
Passed through Tarrant County				
Tarrant County Auto Crimes Task Force		CSC 43106	176,803	
Total Texas Department of Motor Vehicles			<u>176,803</u>	
TEXAS DEPARTMENT OF HEALTH SERVICES				
Passed through Texas Southern University:				
TSU Tobacco Grant		CSC 43346	39,910	
Total Texas Department of Health Services			<u>39,910</u>	
TEXAS DEPARTMENT OF TRANSPORTATION				
AFW BNSF Relocation		CSJ 0918-46-250	476,166	
TXDOT- Traffic Signal System Expansion CMAQ5		CSJ 0902-48-587 & 0902-48-588	24,277	
Litsey Rd Widening 2-Lanes to 4-Lanes		CSJ 0918-46-251	285,981	
Total Texas Department of Transportation			<u>786,424</u>	

CITY OF FORT WORTH, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED SEPTEMBER 30, 2012

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2012 EXPENDITURES	PASS THROUGH EXPENDITURES
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>				
Air Pollution Control Service-06-07		582-8-72691	(8)	
Ozone Monitoring Station		582-121-0034	59,656	
			<u>59,648</u>	
Passed through the North Central Texas Council of Governments:				
Air Pollution Compliance Monitoring		582-10-9025	275,456	
Total Texas Commission on Environmental Quality			<u>335,104</u>	
<b>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>				
2011 Tobacco Compliance Grant		CSC 40789	(2,202)	
2012 Tobacco Compliance Grant		CSC 42231	20,599	
Passed through the University of North Texas Health Science Center:				
Guinn School Renovation		CSC 36848	296,394	
Guinn School Renovation 2011		CSC 43532	376,665	
Guinn School Renovation		CSC 37010	188,064	
Guinn School Renovation		CSC 39724	47,149	
Total Texas Comptroller of Public Accounts			<u>926,669</u>	
Total State Awards			<u>\$ 2,886,091</u>	
Total Expenditures of Federal and State Awards			<u>\$ 83,021,640</u>	

See Notes to Schedule of Federal and State Awards

**CITY OF FORT WORTH**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2012**

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**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, 2012.

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, 2012 may be impaired. Accruals have been recorded in the financial statements for grant contingencies that in the opinion of management are probable and can be reasonably estimated.

**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, 2012**

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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 2012 the City of Fort Worth received \$33,716 in program income related to this 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, 2012:

• Mercado Project, Commitment No. B-97-MC-48-0010	\$ 1,060,000
• Mercado Project-due within one year	<u>265,000</u>
• Mercado Project-Total	<u>\$ 1,325,000</u>
• Evans Avenue and Rosedale Street Business and Cultural District Project, Commitment No. B-99-MC-48-0010	\$ 4,222,000
• Evans Avenue and Rosedale Street –due within one year	<u>487,000</u>
• Evans Avenue and Rosedale Street-Total	<u>\$ 4,709,000</u>

The City of Fort Worth has an outstanding loan payable under the Clean Water State Revolving Fund from the Texas Water Development Board, as a pass through agency for the Environmental Protection Agency (CFDA 66.458). As of September 30, 2012 the outstanding loan balances were:

• TWDB Series 2005	\$ 5,035,000
• TWDB Series 2005-due within one year	<u>370,000</u>
• Series 2005-Total	<u>\$ 5,405,000</u>
• TWDB Series 2005A	\$ 5,815,000
• TWDB Series 2005-due within one year	<u>540,000</u>
• Series 2005A-Total	<u>\$ 6,355,000</u>
• TWDB Series 2007A	\$ 25,980,000
• TWDB Series 2007A-due within one year	<u>1,570,000</u>
• Series 2007A-Total	<u>\$ 27,550,000</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, 2012 the outstanding loan balance was:

• TWDB Series 2005B	\$ 44,085,000
• TWDB Series 2005 B-due within one year	<u>3,100,000</u>
• Series 2005 B-total	<u>\$ 47,185,000</u>
• TWDB Series 2009 ARRA	\$ 13,715,000
• TWDB Series 2009 ARRA-due within one year	<u>810,000</u>
• Series 2009 ARRA- total	<u>\$ 14,525,000</u>

**CITY OF FORT WORTH  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2012**

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**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:

- CDBG – 14.218, 14.253 (ARRA)
- JAG Program – 16.738, 16.804 (ARRA)
- Weatherization Assistance for Low-Income Persons (WAP) – 81.042, 81.042 (ARRA)
- Capitalization Grant Drinking Water State Revolving Loan Fund – 66.468, 66.468 (ARRA)
- Highway Planning and Construction – 20.205, 20.219
- Highway Traffic Safety – 20.600, 20.601
- Homeland Security – 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, 2012**

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Part I—Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified  
not considered to be material weaknesses? 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: Unqualified

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, 2012**

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Identification of major programs:

Federal:

14.218/ 14.253	Community Development Block Grant Cluster (including ARRA)
20.205/ 20.219	Highway Construction Cluster
20.106	Airport Improvement Program
66.458	Clean Water State Revolving Loan Program
81.128	ARRA Energy Efficiency Community Block Grant
93.568	Low Income Housing Assistance Program
93.569	Community Services Block Grant
97.008/97.053/97.067/ 97.071/97.073	Homeland Security Cluster

State:

Guinn School Renovation  
 TXDOT – Traffic Signal System Expansion  
 AFW BNSF Relocation  
 Texas Parks and Wildlife Department Southwest FWCC

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

Federal: \$2,404,066

State: \$300,000

Auditee qualified as low-risk auditee? No

**CITY OF FORT WORTH, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2012**

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**Part II—Findings Related to the Financial Statements**

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

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 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

Context – Capital assets represent the City’s single largest asset. As of September 30, 2012, 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 – Inconsistent practices have developed throughout the City for accounting for CIP. Errors in accounting for capital assets could have a significant effect on the City’s financial statements. 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.
- Implement and provide training on the City’s policy that defines when CIP projects are considered complete and should be transferred to completed assets.

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- 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

**CITY OF FORT WORTH, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**Part III – Findings and Questioned Costs Related to Federal and State Awards**

***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

Criteria – Federal and state granting agencies require periodic reporting of expenditures. In the case of these grants, monthly reports serve as both a progress report and a request for reimbursement. Grant reports should be appropriately supported by qualifying expenditures recorded in the grantee’s records.

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.

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 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.

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

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

Views of Responsible Officials – See Corrective Action Plan

***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

**CITY OF FORT WORTH, TEXAS**  
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- 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

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 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

Questioned Costs – None

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

***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

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."

**CITY OF FORT WORTH, TEXAS**  
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Condition and Context – Grant management failed to submit all four 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



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# Corrective Action Plan



**Findings Related to the Financial Statements**

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

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 FMS.

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, FMS also utilizes the Fiscal Accountability Committee to educate and coordinate capital asset matters. 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 abovementioned 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.

**Findings and Questioned Costs Related to Federal and State Awards**

***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***

Concur. To reduce the number of project expenditures that are moved between grants, grants management is revising the timing and implementation of grant projects to start projects earlier in the grant performance period and ensure each project statement of work is written with a narrower focus to ensure work is started and completed in a timely fashion within the assigned grant performance period. This initiative is expected to start April 2013.

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

Concur. The City is in the process of implementing an internal control system whereas a purchasing/procurement checklist is created to be used for all purchases made within the City. This checklist will include a step to check the vendor for suspension or debarment whenever federal funds are being utilized. This checklist will be disseminated to all departments and is expected to be put into place by September 2013.

***12.III.3 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 will implement the following report review and submission process:

1. A draft of the report will be submitted for internal review to the Capital Projects / Infrastructure Manager 7 business day prior to the report deadline. The Capital Projects/Infrastructure Manager will document their review of the report via an email approval.
2. The final quarterly report shall then be sent via e-mail to the appropriate TPWD staff prior to the submittal deadline date and copied to the Capital Projects / Infrastructure Manager.

# Status of Prior Year Findings



**CITY OF FORT WORTH  
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS  
SEPTEMBER 30, 2012**

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**Part II—Findings Related to the Financial Statements**

*11-II.1 Material Weakness: Accounting for Capital Assets (updated from fiscal years 2004-2010)*

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 2011, 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 2011 related to capital assets were generally isolated to specific areas of the accounting process. However, there are certain matters that remain unresolved; and when considered cumulatively, we believe these matters represent a potential risk of material error and therefore warrant continued attention by City management. 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
- A lack of timely reporting of disposals of capital assets by City departments to the Financial Management Services Department
- An inadequate assessment for the existence of capital leases

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. However, 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. Communicate and implement the City policy that defines the date on which developer contributions should be added to capital assets. In addition, develop consistent application of City policies on accounting for capital assets in general and the related reconciliation processes. Ensure that such policies are implemented and enforced.
- On an overall basis, improve communication between the operating departments and the Financial Management Services Department related to capital assets.
- Implement a policy that requires the physical count of the fixed assets of each department on a rotation basis. Ensure that each asset is physically inspected at least biennially, in order to comply with the requirements established for Federally-funded assets. Require timely communication of all disposals or impairments of capital assets from the City departments to the Financial Management Services Department.
- Review the City’s policies and procedures related to capitalization of intangible assets, particularly those related to the capitalization of ERP system implementation costs.

**CITY OF FORT WORTH  
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS  
SEPTEMBER 30, 2012**

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**Current Status of Corrective Action Plan:**

Repeated. The implementation of the Corrective Action Plan is on track, see Current Year Finding (12.II.1)

***11-II.2 Significant Deficiency: Grant Management (updated from fiscal year 2010)***

Condition – Numerous errors were noted in the City’s accrual and deferral of grant revenues and the related receivables, which required adjustments in the accounting records and in the Schedule of Expenditures of Federal and State Awards (“SEFA”). Although not material to the City financial statements as a whole or to the SEFA, these errors required substantial effort to research and correct.

Cause – Large numbers of grants accounted for in multiple funds complicates the year-end closing process and the accumulation of the data for the SEFA. Grant accounting personnel did not properly research the requirements and accounting considerations surrounding non-standard grants .

Recommendation – Develop standard policies and procedures for identifying and reporting grants in the general ledger. Continue to educate personnel in all departments on the requirements related to proper accounting and reporting for grants. This information should also include guidance on the nature of grants, both monetary and non-monetary. Use standard funds for accounting for such grants and perform periodic reviews of all departments to ensure that grant accounting standards and compliance requirements are met.

**Current Status of Corrective Action Plan:**

Corrected

***11-II.3 Significant Deficiency: Computer System Access Controls (updated from fiscal years 2006-2010)***

Condition and Cause – Although improvements continue to be made in this area during fiscal year 2011, the following deficiencies were still noted during the performance of our procedures over general computer controls related to the City’s financial system and the water billing system:

- On the Mainframe: 6 users (4 Police Department personnel, 1 former Help Desk person, and 1 Finance IT person) have inappropriate access to the Mainframe RACF toolkit, which allows these users access to create shell Mainframe accounts and perform password resets.
- On the Mainframe: 1 Help Desk Supervisor has access to migrate changes to production for the Mainframe environment.
- On the SQL database supporting CourtView: the Builtin Administrator group is assigned SYSADMIN access, which inappropriately grants privileged database access to members of the Platform Technology group.

Recommendation - Privileged access should be restricted to authorized administrators. Inappropriate user’s access including programmers should be removed.

**Current Status of Corrective Action Plan:**

Corrected

**CITY OF FORT WORTH  
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS  
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**Part III – Findings and Questioned Costs Related to Federal and State Awards**

***11-III.1 Material Weakness in Internal Controls and Material Non-Compliance Finding: Homeland Security Cluster – Equipment and Real Property Management***

Program – CFDA 97.008/97.071/97.073, Homeland Security Cluster, from the Department of Homeland Security, 2011- passed through Texas Governor’s Division of Emergency Management

Condition and Context – \$1.1 million of assets purchased by the City with Homeland Security funds were not properly identified and tracked as equipment in the City’s Fixed Asset listing

Cause – The City did not correctly classify multiple capital expenditures. As such, they were never identified as equipment and were not tracked within the City’s Fixed Asset listing.

Recommendation – Strengthen controls and communication around the recording of all grant-funded capital assets. Appropriately maintain a listing of such assets with identifiers that they are grant funded throughout their fiscal lives.

**Current Status of Corrective Action Plan:**

Corrected

***11-III.2 Significant Deficiency in Internal Controls and Non-Compliance Finding: Weatherization – Reporting***

Program – CFDA 81.042, Weatherization Program, from the Department of Energy, 2011 – passed through Texas Department of Housing and Community Affairs (“TDHCA”)

Condition and Context – 4 ARRA reports (out of 54 ARRA and non-ARRA reports tested during the audit) were not submitted timely to TDHCA. This finding is repeated from the previous year.

Cause – City staff cited system issues for the late filing of the August 2011 reports.

Recommendation – Implement new or renew emphasis of controls over submission of reports. File reports with TDHCA on a timely basis and in compliance with the contracts.

**Current Status of Corrective Action Plan:**

Corrected

***11-III.3 Material Weakness in Internal Controls and Material Non-Compliance Finding: CSBG Cluster – Reporting***

Program – CFDA 93.569/93.710, Community Services Block Grant/ ARRA Cluster, from the Department of Health and Human Services, 2011 - passed through Texas Department of Housing and Community Affairs

**CITY OF FORT WORTH  
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS  
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Condition – The grant manager has not filed reports to TDHCA on a timely basis. The reports must be filed in order to request reimbursement.

Cause – Changes in personnel responsibilities and restructuring of the department caused delays in submitting the monthly reports. These issues appear to have occurred due to the additional requirements placed on the City’s control system. The existing control system in place did not have the necessary capacity to handle the new and increase activities of ARRA funding.

Recommendation – The City should provide the appropriate level of supervisory review of reporting activities to ensure that performance and expenditure reports are submitted in a timely manner and in accordance with contract terms in order to receive timely reimbursement for expenditures. Ensure that reports submitted to the grantor are supported by the expenditure reports as prepared by the grant accountant and the City’s financial accounting system.

**Current Status of Corrective Action Plan:**

Repeated. The implementation of the Corrective Action Plan is on track, see Current Year Finding (12.III.1)

***11-III.4 Material Weakness in Internal Controls and Material Non-Compliance Finding: CSBG Cluster – Period of Availability***

Program – CFDA 93.569/93.710, Community Services Block Grant/ ARRA Cluster, from the Department of Health and Human Services, 2011 - passed through Texas Department of Housing and Community Affairs

Condition – During fiscal 2011, Tarrant County College (TCC) overbilled the City for courses offered to students which were charged to CSBG ARRA grant award expiring on September 30, 2010. The City received \$346,500 in reimbursement for the overbilled courses in October 2010 which then caused the funds to be unspent as of September 30, 2010. Throughout fiscal 2011 the matter remained unreported to the granting agency and the \$278,193 of the funds were spent in fiscal 2011. This spending of fiscal 2010 funds beyond April 2011 results in the funds being spent outside of the period of availability.

Questioned Costs – \$278,193

Cause – The City did not perform adequate review and reconciliation of the originating charges applied to the grant during the period of availability. Further, upon reimbursement, no action was taken to report the matter the granting agency regarding permission to re-spend the funds outside the original period of availability.

These issues appear to have occurred due to the additional requirements placed on the City’s control system. The existing control system in place did not have the necessary capacity to handle the new and increase activities of ARRA funding.

Recommendation – Obtain proper support for all invoices before submitting payment and perform proper review and reconciliations of all grant expenditures. Discrepancies should be identified and reported to management and resolved before requests for reimbursement are submitted. Communicate directly with the granting agency to determine the appropriate treatment of the refunded amount from TCC.

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STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS  
SEPTEMBER 30, 2012**

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**Current Status of Corrective Action Plan:**

Corrected

***11-III.5 Material Weakness in Internal Controls and Material Non-Compliance Finding: Highway Planning and Construction Cluster – Davis-Bacon***

Program – CFDA 20.205, Highway Planning and Construction Cluster, from the Department of Transportation, 2011 - passed through Texas Department of Transportation

Condition and Context – Compliance with Davis-Bacon requirements was not monitored for certain construction projects funded with federal grants through the Texas Department of Transportation (“TXDOT”). 3 out of 3 contracts tested were not properly monitored. This finding is repeated from the previous year.

Cause – In prior years, program management staff members in the Planning Department were not aware that the Davis-Bacon compliance requirement applies to flow through grants from the Texas Department of Transportation. The City has endeavored to correct this but they have not yet implemented compliance on the 3 projects selected for testing. Certified payrolls were obtained, but did not indicate evidence that the wages were checked for compliance with the Davis-Bacon Act. For example, there were no dates or initials by the inspectors who receive the certified payrolls. As a result, it is not possible to determine whether the contractor and/or subcontractors paid their employees at minimum levels set by the Davis-Bacon Act.

Recommendation – All program managers who oversee or coordinate construction projects for TXDOT pass-through grants should be trained on the Davis-Bacon compliance requirement, including how it is monitored and documented.

**Current Status of Corrective Action Plan:**

Corrected

***11-III.6 Significant Deficiency in Internal Controls: ARRA EECBG and Highway Planning and Construction Cluster – Procurement and Suspension and Debarment***

Program:

- CFDA 81.128, ARRA Energy Efficiency Community Block Grant program, from the Department of Energy, 2011
- CFDA 20.205, Highway Planning and Construction Cluster, from the Department of Transportation, 2011 - passed through Texas Department of Transportation

Condition and Context – 1 of the 2 EECBG grant procurement documents and 1 of the 3 Highway grant procurement documents selected for testing lacked the required evidence that the awarded vendor was not on the Federal Excluded Party List System (EPLS).

Cause – Requirements related to procurement and suspension and debarment are difficult to monitor across all departments. Due to the large volume and complex nature of contract awards within the Transportation and Public Works (TPW) departments, the Purchasing department is not involved in the contract documentation. As a

**CITY OF FORT WORTH  
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result, the departmental personnel may not be aware of the EPLS requirement common to government procurement.

Recommendation – Review the regulations to ensure that procurement practices are in compliance with the applicable regulations. Increase training on procurement regulations and procedures for all individuals involved in the procurement process. Particular focus should be on training departmental personnel involved with contract documentation in the departments which award many contracts in the course of the year.

**Current Status of Corrective Action Plan:**

Repeated. The implementation of the Corrective Action Plan is on track, see Current Year Finding (12.III.2)

***11-III.7 Material Weakness in Internal Controls and Material Non-Compliance Finding: BNSF Relocation – Reporting***

Program: State grant, BNSF Relocation grant, 2009

Condition – Monthly reports were not submitted to the North Central Texas Council of Governments (NCTCOG), the agency listed as the report recipient, until June 2011.

Cause – City staff explained they were not aware of the reporting requirement until attending a meeting with NCTCOG representatives, where the on-line reporting system was introduced. According to City staff, the meeting occurred in June 2011.

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

**Current Status of Corrective Action Plan:**

Corrected

## 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
DART	-	Domestic Abuse Response Team
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
LIHEAP	-	Low Income Housing Energy Assistance Program

## LIST OF ABBREVIATIONS

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
SSBG		Social Services Block Grant
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.

# Fort Worth



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**SINGLE AUDIT REPORT**  
**CITY OF FORT WORTH**  
**FINANCIAL MANAGEMENT SERVICES DEPARTMENT**  
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