



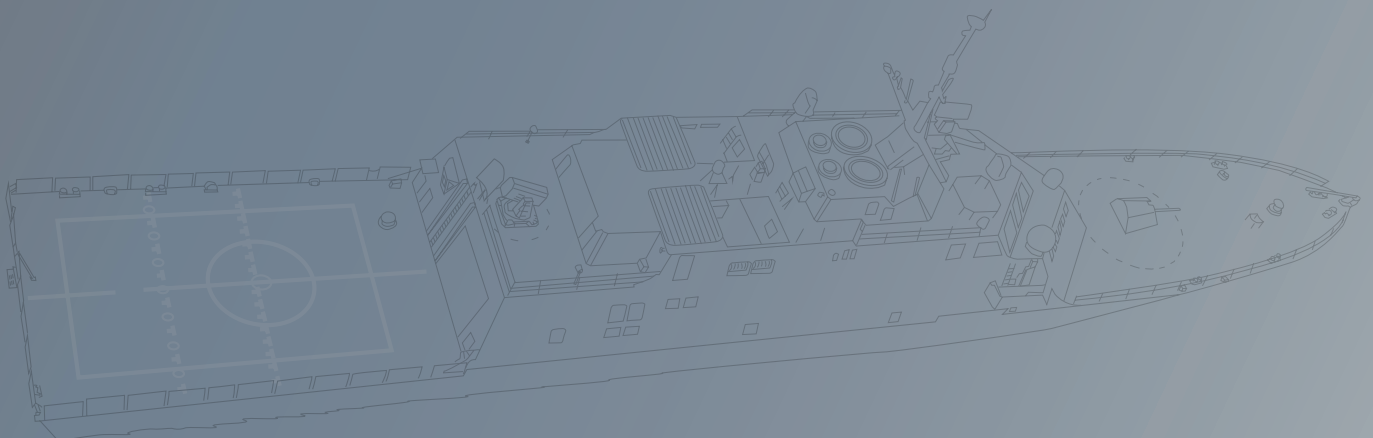
SINGLE AUDIT REPORT

For the Fiscal Year Ended
September 30, 2014

CITY OF FORT WORTH, TEXAS



The USS Fort Worth, commissioned in Galveston, September 22, 2012



Single Audit Report

For the Fiscal Year Ended
September 30, 2014

CITY OF FORT WORTH, TEXAS

Elected Officials

2014 City Council

Betsy Price, Mayor

Kelly Allen Gray
Salvador Espino
Danny Scarth
Ann Zadeh

Jungus Jordan
Dennis Shingleton
W.B. "Zim" Zimmerman
Gyna Bivens

City Manager
David Cooke

Chief Financial Officer
Aaron J. Bovos

Independent Auditors
Deloitte and Touche LLP

Prepared by the Department of Finance



This page intentionally left blank.

TABLE OF CONTENTS

Title Page	i
Table of Contents	iii
Purpose and Contents of this Report	v
Letter of Transmittal	vii
Overview	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	1
Report On Compliance For Each Major Federal And State Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133 And The State Of Texas Uniform Grant Management Standards	3
Schedule Of Expenditures Of Federal And State Awards	
Federal	
U. S. Department of Agriculture	7
U. S. Department of Health and Human Services	7
U. S. Department of Housing and Urban Development	7
Equal Employment Opportunity Commission	8
U. S. Department of Justice	8
U. S. Department of Transportation	8
Environmental Protection Agency	9
Department of Homeland Security	9
U. S. Department of Energy	10
U. S. Department of Education	10
Institute of Museum and Library Service	10
Department of the Interior	10
Executive Office of the President	10
Department of the Treasury	10
State	
Texas State Office of the Governor	10
Texas State Attorney General's Office	10
Texas Department of Wildlife and Parks	11
Texas Department of Motor Vehicles	11
Texas Department of Health Services	11
Texas Department of Transportation	11
Texas Commission on Environmental Quality	11
Texas Comptroller of Public Accounts	11
Notes to Schedule of Expenditures of Federal and State Awards	13
Schedule of Findings and Questioned Costs	15
Corrective Action Plan	27
Status of Prior Year Single Audit Findings	33
List of Abbreviations	39



This page intentionally left blank.

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 a number of funds including the Grant Special Revenue Fund, the General Fund, or other Proprietary Funds.

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 of financial statements 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 for each major federal and state program, on internal control over compliance, and on schedule of expenditures of federal and state awards required by OMB Circular A-133 and UGMS 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
5. Status of Prior Year Findings



This page intentionally left blank.



March 20, 2015

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, 2014 is submitted herewith.

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

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 on an audit of financial statements performed in accordance with Government Auditing Standards.
2. Report on compliance for each major Federal and State program; report on internal control over compliance; and report on the schedule of expenditures of federal and state awards required by OMB Circular A-133 and UGMS.

DEPARTMENT OF FINANCE

CITY OF FORT WORTH ★ 1000 THROCKMORTON STREET ★ FORT WORTH, TEXAS 76102

817-392-8500 ★ Fax 817-392-8966

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 Department of Finance 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 that reads "David Cooke".

David Cooke
City Manager

A handwritten signature in blue ink that reads "A. J. Bovos".

Aaron J. Bovos
Chief Financial Officer

DEPARTMENT OF FINANCE

CITY OF FORT WORTH ★ 1000 THROCKMORTON STREET ★ FORT WORTH, TEXAS 76102

817-392-8500 ★ Fax 817-392-8966

OVERVIEW OF THE CITY'S FISCAL YEAR 2014 ANNUAL AUDIT

This report has been prepared in connection with the fiscal year 2014 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 2014 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.



This page intentionally left blank.

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, 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 remaining fund information of the City of Fort Worth (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2015, which included an emphasis of a matter paragraph on changes in accounting and reporting and implementation of a new accounting standard. Our report includes a reference to other auditors who audited the financial statements of the Employees' Retirement Fund of the City of Fort Worth, 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. The financial statements of the Employees' Retirement Fund of the City of Fort Worth were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the

accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2014-001 to be a material weakness. 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-002, 2014-003, and 2014-004 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 response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Deloitte & Touche LLP

March 20, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS UNIFORM GRANTS 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's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* ("UGMS") that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2014. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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 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 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.

Basis for Qualified Opinion on Summer Food Services Federal Program and Guinn School Renovation State Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Guinn School Renovation Program as described in finding number 2014-006 for Period of Availability and CFDA 10.559 Summer Food Services Program as described in finding numbers 2014-008 for Special Tests and Provisions and 2014-009 for Reporting. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these programs.

Qualified Opinion on Summer Food Services Program and Guinn School Renovation Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Summer Food Services Program and Guinn School Renovation Program for the year ended September 30, 2014.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed other 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 item 2014-007. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-006, 2014-008 and 2014-009 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-005, 2014-007, 2014-010, and 2014-011 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and 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 State of Texas UGMS

We have audited the financial statements of the City as of and for the year ended September 30, 2014, and have issued our report thereon dated March 20, 2015, which contained an emphasis of a matter paragraph on changes in accounting and reporting and implementation of new accounting standard. 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 20, 2015

Financial Section



CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2014 EXPENDITURES	PASS THROUGH EXPENDITURES
FEDERAL AWARDS:				
U. S. DEPARTMENT OF AGRICULTURE				
Passed through Texas Health and Human Services Commission:				
2012 Child and Adult Care Nutrition Program	10.558	01514-CACF	\$ 17,507	
2013 Child and Adult Care Nutrition Program	10.558	01514-CACF	55,868	
2014 Child and Adult Care Nutrition Program	10.558	01514-CACF	65,313	
Sub-total for Program			<u>138,688</u>	
2013 Summer Food Service Program	10.559	01514-SFSP	6,525	
2014 Summer Food Service Program	10.559	01514-SFSP	585,148	
Sub-total for Program			<u>591,673</u>	
Total U. S. Department of Agriculture			<u>730,361</u>	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
2012 - BHEP	93.069	CSC 43217	5,754	
Passed Through Texas Department of Housing and Community Affairs:				
2013 Comprehensive Energy Assistance Program	93.568	58130001621	1,759,369	
2013 LIHEAP Weatherization	93.568	81130001719	1,110,612	
2014 Comprehensive Energy Assistance Supplement	93.568	58140001788	2,149,664	
2014 LIHEAP Weatherization	93.568	81140001871	571,393	
2014 Comprehensive Energy Assistance Supplement	93.568	58130001949	1,132,114	
Sub-total for Program			<u>6,723,152</u>	
2013 Community Services Block Grant	93.569	61130001571	378,464	
2013 Community Services Block Grant Supplement	93.569	61130002016	405,937	
2014 Community Services Block Grant	93.569	61140001831	1,041,270	
Sub-total for Program			<u>1,825,671</u>	
Total U. S. Department of Health and Human Services			<u>8,554,577</u>	
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
HUD Restricted Cash	14.218	M&C G-16867	110	
CDBG 24th Year (1998)	14.218	B-98-MC-48-0010	47,483	\$ 47,483
CDBG 31st Year (PY 2005-2006)	14.218	B-05-MC-48-0010	447,583	
CDBG 35th Year (PY 09-10)	14.218	B-09-MC-48-0010	18,365	
CDBG 36th Year (PY 10-11)	14.218	B-10-MC-48-0010	34,711	34,711
CDBG 37th Year (PY11-12)	14.218	B-11-MC-48-0010	224,843	
CDBG 37th Year (PY 12-13)	14.218	B-12-MC-48-0010	268,105	102,626
CDBG 37th Year (PY 13-14)	14.218	B-13-MC-48-0010	4,318,950	910,169
Sub-total for Program			<u>5,360,150</u>	<u>1,094,989</u>
Emergency Shelter Grant (PY 12-13)	14.231	E-12-MC-48-0006	56,641	34,143
Emergency Shelter Grant (PY 13-14)	14.231	E-13-MC-48-0006	349,720	343,282
Sub-total for Program			<u>406,361</u>	<u>377,425</u>
HOME Program (PY 01)	14.239	M-01-MC-48-0204	26,054	26,054
HOME Program (PY 03-04)	14.239	M-03-MC-48-0204	191,910	191,910
HOME Program (PY 04-05)	14.239	M-04-MC-48-0204	535,413	535,412
HOME Program (PY 05-06)	14.239	M-05-MC-48-0204	363,516	363,516
HOME Program (PY 06-07)	14.239	M-06-MC-48-0204	675,761	675,761
HOME Program (PY 07-08)	14.239	M-07-MC-48-0204	(23,790)	
HOME Program (PY 08-09)	14.239	M-08-MC-48-0204	12,794	12,794
HOME Program (PY 09-10)	14.239	M-09-MC-48-0204	227,017	227,017
HOME Program (PY 10-11)	14.239	M-10-MC-48-0204	462,182	462,181
HOME Program (PY 11-12)	14.239	M-11-MC-48-0204	32,727	32,727
HOME Program (PY 12-13)	14.239	M-12-MC-48-0204	66,603	
HOME Program (PY 13-14)	14.239	M-13-MC-48-0204	1,385,252	350,000
Sub-total for Program			<u>3,955,439</u>	<u>2,877,372</u>
Evans Rosedale EDI Project	14.251	B-98-ED-48-0017	133,010	
Fair Housing Assistance Program (PY 10-11)	14.401	FF-206-K-10-6002	10,974	
Fair Housing Assistance Program (PY 11-12)	14.401	FF-206-K-11-6002	35,517	
Fair Housing Assistance Program (PY 12-13)	14.401	FF-206-K-12-6002	401,753	
Fair Housing Assistance Program (PY 13-14)	14.401	FF-206-K-13-6002	201,110	
Sub-total for Program			<u>649,354</u>	
Lead Hazardous Reduction Program	14.905	TX-LHD-0246-12	581,599	
HOPWA Grant (PY 12-13)	14.241	TXH-12-F002	193,644	189,502
HOPWA Grant (PY 13-14)	14.241	TXH-13-F002	759,092	747,698
Sub-total for Program			<u>952,736</u>	<u>937,200</u>
Total U. S. Department of Housing and Urban Development			<u>12,038,649</u>	<u>5,286,986</u>

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2014 EXPENDITURES	PASS THROUGH EXPENDITURES
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
2011 Equal Employment Opportunity Commission	30.001	EECCN100090MOD0006	\$ (38)	
2012 Equal Employment Opportunity Commission	30.001	EECCN100090MOD0007	38,894	
2013 Equal Employment Opportunity Commission	30.001	EECCN130018	13,844	
Total Equal Employment Opportunity Commission			<u>52,700</u>	
U. S. DEPARTMENT OF JUSTICE				
2013 DNA Backlog Reduction Grant	16.741	2013-DN-BX-0058	111,516	
Federal Asset Forfeiture Program	16.922	MOU	3,200,170	
Child Sexual Predator Program	16.710	2010-CS-WX-0020	63,249	
2010 Justice Assistance Grant	16.738	2010-DJ-BX-0164	6,402	
2011 Justice Assistance Grant	16.738	2011-DJ-BX-2923	556,531	\$ 215,238
2012 Justice Assistance Grant	16.738	2012-DJ-BX-1036	72,341	72,341
2013 OCDE Task Force	16.738	SW-TX-0316	2,921	
FBI Joint Terrorism Task Force	16.738	CSC 31470	13,921	
2013 Safe Streets Task Force	16.738	CSC 44638	50	
2014 Safe Streets Task Force	16.738	CSC 44638	47,456	
Passed through the Office of the Governor, Criminal Justice Division:				
Interview Room Equipment Grant Program	16.738	DJ-12-A10-26113-02	79,992	
Sub-total for Program			<u>779,614</u>	<u>287,579</u>
2011 Coverdell Forensic Science	16.742	2010-DN-BX-0100	27,760	
2013 Coverdell Forensic Science	16.742	2013-CD-BX-0070	111,786	
Sub-total for Program			<u>139,546</u>	
2013 Multi Agency Task Force	16.NONE	CSC 44081	(746)	
2014 DEA Multi Agency Task Force	16.NONE	CSC 45204	96,142	
2014 DEA DFW Airport Task Force	16.NONE	CSC 44966	4,559	
Passed through the Bureau of Alcohol, Tobacco, Firearms, and Explosives:				
ATF Joint Task Force	16.NONE	CSC 43740	20,421	
Passed through the United States Marshal Service:				
2014 United States Marshal Service	16.NONE	CS 41389	33,074	
Sub-total for Program			<u>153,450</u>	
Passed through the Mosaic Family Services:				
2014 Project Safe Neighborhood	16.609	2013-GP-BX-0005	26,738	
Passed through the City of Arlington:				
2011 Human Trafficking Task Force	16.320	CSC 43380	5,579	
2013 Human Trafficking Task Force	16.320	CSC 45760	17,428	
Sub-total for Program			<u>23,007</u>	
Total U. S. Department of Justice			<u>4,497,290</u>	<u>287,579</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Alliance Runway Extension X	20.106	3-48-0296-40-2009	2,792,996	
Alliance Runway Extension XI	20.106	3-48-0296-42-2010	195,966	
Alliance Runway Extension Phase XII	20.106	3-48-0296-43-2011	1,217,714	
Noise Land Acquisition	20.106	3-48-0296-49-2012	(39,658)	
Alliance Runway Extension	20.106	3-48-0296-47-2012	462,230	
Alliance Runway Rehabilitation	20.106	3-48-0296-46-2012	42,647	
Avigation Easements	20.106	3-48-0296-48-2012	914,066	
Alliance Runway Extension AMB1	20.106	3-48-0296-50-2012	3,010,407	
FTW Runway Extension	20.106	3-48-0296-51-2012	552,919	
AFW Entitlement 2013	20.106	3-48-0296-52-2013	301,917	
Sub-total for Program			<u>9,451,204</u>	
Passed through Texas Department of Transportation:				
Meacham Airport Layout	20.106	CSJ 13ALMEACH	60,732	
Meacham Runway Payment	20.106	CSJ 1302MEACH	74,066	
FW Spinks Eastside Improvements	20.106	CSJ 1102SPINK	672,822	
2014 Alliance Ramp	20.106	CSJ M1402ALNC	41,634	
2014 Meacham Ramp	20.106	CSJ 1402MECH	49,363	
2014 Spinks Ramp	20.106	CSJ M1402SPNK	64,506	
FTW Runway Payment	20.106	CSJ 1402MEACH	1,216,247	
FW Spinks North Perimeter Road	20.106	CSJ 1402SPINK	15,750	
Wildlife Assessment	20.106	CSJ 1202MCHAM	28,228	
Sub-total for Program			<u>2,223,348</u>	
Federal Motor Carrier Safety Administration				
2012 Motor Carrier Safety Assistance Program	20.218	FM-MHP-0093-12-01-00	2,866	
2013 Motor Carrier Safety Assistance Program	20.218	FM-MHP-0185-14-01-00	49,377	
Sub-total for Program			<u>52,243</u>	

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2014 EXPENDITURES	PASS THROUGH EXPENDITURES
Passed through Texas Department of Transportation:				
2012 STEP Comprehensive	20.600	2012-FORTWORT-S-1YG-0085	\$ (22,519)	
2012 STEP Commercial Motor Vehicle	20.600	2012-FORTWORT-S-1YG-0106	(715)	
2013 STEP Comprehensive	20.600	2013-FORTWORT-S-1YG-0070	(3,595)	
2013 STEP Commercial Motor Vehicle	20.600	2013-FORTWORT-S-1YG-0066	182	
2014 STEP Comprehensive	20.600	2014-FORTWORT-S-1YG-0075	171,562	
2014 STEP Commercial Motor Vehicle	20.600	2014-FORTWORT-S-1YG-0088	40,301	
Sub-total for Program			<u>185,216</u>	
STEP Impaired Mobilization	20.601	2012-Fortworth-IDM-00011	(166)	
Magnolia Village I Pedestrian/Street Improvement				
Peach St Rr Safety Improvement Project	20.205	CSJ 0902-48-536	867,715	
Hemphill West Quiet Zone Project	20.205	CSJ 0902-48-688/689	24,703	
Magnolia Ave Rr Crossing Project	20.205	CSJ 0902-48-686	(2,731)	
South Central High Speed Corridor	20.205	CSJ 0902-48-687	(5,302)	
W 7TH ST Bridge Construction	20.205	CSJ 0902-48-694	173	
Traffic Signal System	20.205	CSJ 0902-48-505	550,933	
TXDOT - Traffic Signal System Expansion CMAQ5	20.205	CSJ 0902-48-222 & 329	(208,118)	
Drainage Improvements	20.205	CSJ 0902-48-587 & 0902-48-588	(144,765)	
Ridglea/Westridge Village Pedestrian & Streetcar Dev	20.205	CSJ 0902-48-711	409,055	
Safe Route to School KISD	20.205	CSJ 0902-48-582	8,187	
Neighborhood Transportation Connections	20.205	CSJ 0902-48-777	313,484	
Chapel Creek Bridge	20.205	CSJ 0902-48-791	249,776	
Handley Streetscape Green Ribbon	20.205	CSJ 0902-48-791	131,572	
Precinct Line	20.205	CSJ 0902-48-722	257,083	
Alta Mere Blvd	20.205	CSJ 0902-48-539	297,757	
Trinity Trails East Bank	20.205	CSJ 0902-48-775	1,622,712	
Signage and Information System	20.205	CSJ 0902-48-869	66,248	
Ninth St Pedestrian & Streetcar Development	20.205	CSJ 0902-48-508	35,542	
South of Seventh St Project	20.205	CSJ 0902-48-495	(1,577)	
Urban Village Central Cluster	20.205	CSJ 0902-48-562, 48-698 & 48-699	6,762	
Urban Village Southeast Cluster	20.205	CSJ 0902-48-681	16,909	
Urban Village Southwest Cluster	20.205	CSJ 0902-48-682	14,945	
East Rosedale Street Construction	20.205	CSJ 0902-48-683	2,024	
Sub-total for Program		17201042	<u>147,931</u>	
Total U.S. Department of Transportation			<u>4,661,018</u>	
			<u>16,572,863</u>	
ENVIRONMENTAL PROTECTION AGENCY				
Passed through Texas Water Development Board:				
Clean Water State Revolving Fund-Tier 3	66.458	L070070	6,113,496	
Drinking Water State Revolving Fund-Tier 3	66.468	L080029	2,083,693	
Passed through Texas Commission for Environmental Quality (TCEQ):				
PM 2.5 Monitoring	66.001	582-11-86421	27,257	
2015 PM 2.5 Monitoring	66.034	582-15-50040	1,951	
2011-2012 PM 10 (EPA) Sect 105	66.605	582-12-10011	(1,002)	
2014 PM 10 (EPA) Sect 105	66.605	582-14-40060	92,465	
Sub-total for Program			<u>91,463</u>	
Hazard Substance and Petroleum Assessment Fund	66.818	BF-96629801-0 & 96616401-0	204	
Total Environmental Protection Agency			<u>8,318,064</u>	
DEPARTMENT OF HOMELAND SECURITY				
2014 SAFER	97.083	EMW-2013-FH-00820	589,130	
Passed through Texas Engineering Extension Service:				
2013 Cooperating Technical Partnership	97.045	EMT-2013-CA-007	103,591	
Passed through Texas Governor's Division of Emergency Management:				
2007 HSGP-UASI	97.008	08-GA- 27000-10	991	
2009 HSGP-UASI GENERATOR	97.008	09-GA 27000-01	(43,596)	
Sub-total for Program			<u>(42,605)</u>	

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2014 EXPENDITURES	PASS THROUGH EXPENDITURES
2010 HSGP-UASI	97.067	10-GA-27000-01	\$ (167,528)	
2010 HSGP-UASI-LEAP	97.067	10-GA-27000-08	(13,421)	
2011 HSGP-UASI	97.067	11-GA-27000-01	2,013,173	
2011 HSGP-SHSP LETPA	97.067	11-SR-27000-02	955,884	
2011 HSGP-MMRS	97.067	11-SR-27000-04	(9,605)	
2012 HSGP-UASI	97.067	12-SR-27000-01	2,048,523	
2012 HSGP-LETPA	97.067	12-SR-27000-02	601,897	
2011 HSGP-UASI M&A	97.067	11-SR-27000-08	86,762	
2012 HSGP-UASI M&A	97.067	12-SR-27000-04	102,919	
2013 HSGP-UASI	97.067	13-SR-27000-01	694,108	
2013 HSGP-LETPA	97.067	13-SR-27000-02	17,336	
2013 HSGP-UASI M&A	97.067	13-SR-27000-03	28,007	
Sub-total for Program			<u>6,358,055</u>	
2013 Emergency Management	97.042	13TX-EMPG-0177	100,604	
2014 Emergency Management	97.042	14TX-EMPG-0177	49,631	
Sub-total for Program			<u>150,235</u>	
Pass through Texas Commission on Environmental Quality				
2013 Biowatch	97.091	582-13-30017	338,432	
Total Department of Homeland Security			<u>7,496,838</u>	
U. S. DEPARTMENT OF ENERGY				
Passed through Texas Department of Housing and Community Affairs:				
Systems Benefit Fund Program	81.042	TDHCA: 301008	862	
2014 DOE Weatherization	81.042	56110001896	63,057	
2013-14 DOE Weatherization	81.042	56130001921	104,945	
Total U. S. Department of Energy			<u>168,864</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	57,262	
Total U.S. Department of Education			<u>57,262</u>	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through Texas State and Library Archives Commission:				
Library Cooperation Grant Program	45.310	479-14005	73,410	
Total Institute of Museum and Library Services			<u>73,410</u>	
DEPARTMENT OF THE INTERIOR				
ARRA Water Smart Title XVI Grant	15.504	R12AC60093	88,765	
Total Department of Interior			<u>88,765</u>	
EXECUTIVE OFFICE OF THE PRESIDENT				
Passed Through the Office of National Drug Control Policy and Navarro County, Texas:				
2013 HIDTA Task Force	95.001	CSC 44213	(27,525)	
HIDTA Commercial Smuggling Squad 2013	95.001	CSC 33102 & 44244	19,589	
2014 HIDTA Task Force	95.001	CSC 44965	119,839	
HIDTA RISC	95.001	CSC 34424	19,276	
HIDTA Commercial Smuggling Squad	95.001	CSC 33102 & 44244	1,824	
Total Executive Office of the President			<u>133,003</u>	
DEPARTMENT OF THE TREASURY				
ICE Task Force	21.NONE	CSC 43867	16,910	
2011 Internal Revenue Service- CI N TX Asset Forfeiture Task Force	21.NONE	CSC 44065	23,342	
Sub-total for Program			<u>40,252</u>	
Treasury Asset Forfeiture Program	21.000	MOU	341,412	
Total Department of The Treasury			<u>381,664</u>	
Total Federal direct and pass-through Awards			<u>\$ 59,164,310</u>	<u>\$ 5,574,565</u>
STATE AWARDS:				
TEXAS STATE OFFICE OF THE GOVERNOR				
2013 Diamond Hill After School		SF-13-J20-25956-01	\$ (1,590)	
2014 Diamond Hill After School		SF-14-J20-25956-02	38,264	
Total Texas State Office of the Governor			<u>36,674</u>	
TEXAS STATE ATTORNEY GENERAL'S OFFICE				
2013 Victim Coordinator and Liaison Grant		1332865	(4,507)	
2014 Victim Coordinator and Liaison Grant		1442375	42,000	
2015 Victim Coordinator and Liaison Grant		1553734	4,015	
2013 Compensation Victim Crime Fund		CSC 42902	87,982	
Total Texas State Attorney General's Office			<u>129,490</u>	

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY 2014 EXPENDITURES	PASS THROUGH EXPENDITURES
TEXAS DEPARTMENT OF WILDLIFE AND PARKS				
TPWD Trinity Trails Rotary Plaza		CSC 45041	\$ 78,545	
TPWD Marine Creek Corridor		CSC 45040	995,675	
Regional Park Grant		CSC 43460	86,293	
TPWD Northwest FWCP		CSC 42309	542,876	
Total Texas Department of Wildlife and Parks			<u>1,703,389</u>	
TEXAS DEPARTMENT OF MOTOR VEHICLES				
Passed through Tarrant County:				
Tarrant County Auto Crimes Task Force		CSC 44588	92,053	
Total Texas Department of Motor Vehicles			<u>92,053</u>	
TEXAS DEPARTMENT OF HEALTH SERVICES				
Passed through Texas Southern University:				
TSU Tobacco Grant		CSC 44784	56,290	
TEXAS DEPARTMENT OF TRANSPORTATION				
TXDOT- Traffic Signal System Expansion CMAQ5				
AFW BNSF Relocation		CSJ 0902-48-587 & 0902-48-588	(72,120)	
Handley Streetscape Green Ribbon		CSJ 0918-46-250	8,070,396	
East Rosedale Streetscape		CSJ 0902-48-558	44,257	
		CSJ 0902-48-845	189,242	
			<u>8,231,775</u>	
Passed through Tarrant County:				
Tarrant County No Refusal Program		2013-TarrantC-G-1YG-0112	1,025	
Tarrant County No Refusal Program		2014-TarrantC-G-1YG-0056	5,005	
			<u>6,030</u>	
Passed through the North Central Texas Council of Governments:				
Riverside Drive Bridge		CSJ 0902-48-847	2,415,180	
Litsey Rd Widening 2-Lanes to 4-Lanes		CSJ 0918-46-251	4,108,337	
TWU Streetscape Sustainable Development		CSJ 0902-48-832	201,360	
Total Texas Department of Transportation			<u>14,962,682</u>	
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
2006-07 Air Pollution Control Service		582-06-74392	63,216	
2011-12 Ozone Monitoring Station		582-12-10034	28,168	
2014 Air Pollution Compliance Monitoring		582-14-40027	253,380	
2015 Air Pollution Compliance Monitoring		582-15-50123	20,998	
			<u>365,762</u>	
Passed through the North Central Texas Council of Governments:				
Cowtown Recycles Downtown		582-12-10157	20,784	
Recycle Roll Off and Bins		14-04-G04	29,955	
Compost Demo Project and Chip		14-047-G10	5,192	
Total Texas Commission on Environmental Quality			<u>55,931</u>	
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS				
Passed through the University of North Texas Health Science Center:				
Guinn School Renovation 2011		CSC 43532	62,409	
Guinn School Renovation 2010		CSC 39724	143,531	
Guinn School BAC 2014		CSC 45476	243,891	
Total Texas Comptroller of Public Accounts			<u>449,831</u>	
Total State Awards			<u>\$ 17,852,102</u>	
Total Expenditures of Federal and State Awards			<u>\$ 77,016,412</u>	<u>\$ 5,574,565</u>

See Notes to Schedule of Federal and State Awards



This page intentionally left blank.

CITY OF FORT WORTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014

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, 2014.

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 (“UGMS”).

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, 2014 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

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, 2014. There are no longer continuing compliance requirements for these loans.

CITY OF FORT WORTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014

• Mercado Project, Commitment No. B-97-MC-48-0010	\$ 530,000
• Mercado Project-due within one year	<u>265,000</u>
• Mercado Project-Total	<u>\$ 795,000</u>
• Evans Avenue and Rosedale Street Business and Cultural District Project, Commitment No. B-99-MC-48-0010	\$ 3,169,000
• Evans Avenue and Rosedale Street –due within one year	<u>540,000</u>
• Evans Avenue and Rosedale Street-Total	<u>\$ 3,709,000</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). There are no longer continuing compliance requirements for these loans. As of September 30, 2014 the outstanding loan balances were:

• TWDB Series 2005	\$ 4,275,000
• TWDB Series 2005-due within one year	<u>385,000</u>
Series 2005-Total	<u>\$ 4,660,000</u>
• TWDB Series 2005A	\$ 4,685,000
• TWDB Series 2005A-due within one year	<u>575,000</u>
Series 2005A-Total	<u>\$ 5,260,000</u>
• TWDB Series 2007A	\$ 22,745,000
• TWDB Series 2007A-due within one year	<u>1,635,000</u>
Series 2007A-Total	<u>\$ 24,380,000</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). There are no longer continuing compliance requirements for these loans. As of September 30, 2014 the outstanding loan balance was:

• TWDB Series 2005B	\$ 37,665,000
• TWDB Series 2005B-due within one year	<u>3,250,000</u>
Series 2005B-Total	<u>\$ 40,915,000</u>
• TWDB Series 2009 ARRA	\$ 12,095,000
• TWDB Series 2009 ARRA-due within one year	<u>810,000</u>
Series 2009 ARRA-Total	<u>\$ 12,905,000</u>

5. NONCASH AWARDS

Certain federal financial awards programs do not involve cash awards. The City receives grant awards from the Federal Aviation Administration, of which the projects are executed by TxDOT on behalf of the City. The Schedule includes \$2,205,047 of expenditures that were incurred by TxDOT on behalf of the City as expenditures in the Airport Improvement Program (CFDA 20.106).

Independent Auditor's Findings



**CITY OF FORT WORTH
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED SEPTEMBER 30, 2014**

Part I—Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

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

Noncompliance material to financial
 statements noted? No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? Yes

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

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

- State Program Guinn School BAC, which is qualified for Period of Availability
- 10.559 Summer Food Service Program, which is qualified for Reporting and Special Tests and Provisions

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

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Identification of major programs:

Federal:

10.559	Summer Food Service Program
14.239	Home Investment Partnership Program
16.922	Federal Asset Forfeiture – Department of Justice
20.106	Airport Improvement Program
21.000	Federal Asset Forfeiture – Department of Treasury
93.568	Low Income Home Energy Assistance Program
93.569	Community Services Block Grant
97.008/97.067	Homeland Security Grant Program
97.083	Staffing for Adequate Fire and Emergency Response

State:

Guinn School Renovation
Litsey Road Widening
AFW BNSF Relocation
Texas Parks and Wildlife Department Marine Creek Park Corridor
Texas Parks and Wildlife Department Northwest FWCP

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

Federal:	\$1,774,929
State:	\$535,563

Auditee qualified as low-risk auditee? No

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Part II – Findings Related to the Financial Statements

2014-001 Material Weakness: Grant Management

Criteria – OMB Circular A-133 requires the City to annually prepare a Schedule of Expenditures of Federal and State Awards (“SEFA”) that lists all expenditures related to Federal and State award programs for that year.

Condition – A number of control deficiencies over grant compliance and a number of noncompliance findings were reported during our audit of grants related to Homeland Security, Summer Food program, Northwest Community Park, Federal Asset Forfeiture, Guinn School renovation, and Litsey Road grants. In addition, the SEFA prepared by management at year end excluded certain federal awards without confirmation from the state that this was the proper way to show these awards.

Context – The City manages several federal and state grant programs in a single year.

Cause – The City has a decentralized grant monitoring process where a large number of federal and state grants are managed by project managers at the department level that do not have experience and or training in federal grant compliance. Further, the Department of Finance, which is responsible for the preparation of the SEFA, did not proactively confirm the classification of federal awards to pre-determine whether these funds should be included in the SEFA. Specifically, the City participates cooperatively with the Texas Department of Transportation on several projects that involve federal and state funding and research is required to determine how these should be reflected in the City’s SEFA.

Effect – Noncompliance with federal and state grant requirements and lack of proper control of grants exposes the City to risk of loss of future funding and penalties from federal and state granting agencies.

Recommendation – Consider centralizing grant management, reporting, and oversight to one grant department/section that can oversee grant compliance. Implement more rigorous training programs for individuals responsible for both monitoring grant compliance and accounting for grant-related transactions regarding the various applicable Office of Management and Budget circulars, specifically around allowable costs, importance of filing timely accurate reports to the granting agencies, and importance of performance of internal controls and what it entails to review a report or perform a control. Implement more rigorous procedures around the review of the SEFA to ensure it is accurate and complete.

Views of Responsible Officials – See Corrective Action Plan

2014-002 Significant Deficiency: Financial Accounting and Reporting

Criteria – Timely and accurate internal and external financial reporting is an important cornerstone of an organization’s control environment. Financial reporting provides the foundation for financial analysis, a critical component needed to be able to respond timely to financial related issues.

Condition – While the City has made substantial strides in owning the financial reporting process and has prepared the financial statements by the internal and external deadlines, the City’s process for preparing the financial statements is a highly manual process, which is subject to human error, inconsistencies, and is very time consuming. Based upon available staffing and resources, this process leaves little time for complex analysis to occur and therefore the ability to report on what is occurring and respond or improve the financial reporting function of the entity is difficult, at best.

CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014

Context – Management’s preparation and review of financial statements and related supporting schedules in the areas of investments, debt, capital assets, pension, and other post-employment benefits were not performed timely and consistently. In addition, certain financial reporting information obtained from third parties, such as work performed by independent actuaries for post-employment benefits or information obtained from investment managers to be included in the notes to the financial statements, were not reviewed for consistency, accuracy and completeness.

Cause – For a number of years the City has relied heavily on an outside consultant to manage the financial close and preparation of the financial statements and supporting schedules. Further, the City has relied heavily on independent third parties, such as actuaries and investment consultants/managers to perform analysis for and review the work they are performing without an internal review. This was the first year that the City has managed the financial reporting and close process internally. The outsourcing of the annual closing and reporting process has resulted in a lack of development of City staff in the skills necessary to perform these functions without outside assistance and the lack of resources to perform these activities on a proactive basis throughout the fiscal year.

Effect – A number of adjusting journal entries were identified as part of the audit and a number of changes were needed to the footnotes to ensure their completeness and accuracy at year end. Audit adjustments and corrections were needed for cash and investment footnotes, property taxes, construction in progress, accounts payable, and other post-employment disclosures. Additionally, although management set deadlines for closing and preparation of financial reports and related schedules, deadlines often were not met by report preparers, and many reports were prepared by the Managers within Financial Services without subsequent review prior to submittal to the appropriate parties. As a result, management often did not have timely and reliable information to review reports for accuracy before they were submitted to the appropriate parties, and management was not able to prepare financial statements and related footnotes for all funds according to the established deadlines.

Recommendation – The City should consider implementing a comprehensive plan to upgrade the processes, procedures, systems, and capabilities of the financial accounting and reporting department, including the allocation of resources needed to manage the financial activities of the organization. This plan should at least encompass the following:

- Develop and implement a plan and schedule of interim financial reports and schedules that are prepared and reviewed so that actions can be taken and informed decisions can be made in a timely manner.
- Automate the Comprehensive Annual Financial Report preparation process to reduce the risk of error and increase the efficiency and timeliness of the production of the report.
- Implement a series of milestones in the reporting process to ensure that deadlines are met and information is reviewed by an individual at a management level independent from the preparer for accuracy and completeness prior to closing.
- Review financial statements and disclosures for completeness, validity, and presentation. Responsibilities of both preparers and reviewers of these financial statements should be clearly defined.
- Proactively manage the relationships with third parties such as actuaries and investment managers and challenge the information received to ensure that management is in agreement with methodologies and assumptions made and that the information received is accurate and complete, and complies with relevant accounting standards.
- Implement a process that requires designated finance and accounting professionals to read minutes of council meetings to identify resolutions that have an impact on the financial reporting and compliance and prepare an action plan accordingly.
- Implement a process during the year and at year end that requires designated finance and accounting professionals to perform financial analysis of fund financial statements by comparing current year balances to prior balances, identify variances or relationships that are not consistent with operations and obtain explanations from respective departments, this will help management identify issues prior to finalization of close process.

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

- Implement a comprehensive training program for financial accounting and reporting staff. Ensure the training encompasses not only financial accounting, but also focuses on staff development in the areas of critical thinking and analysis of information and maintain an adequate level of skepticism when they review information received.

Views of Responsible Officials – See Corrective Action Plan

2014-003 Significant Deficiency: Year End Accrual of Accounts Payable

Criteria – Generally Accepted Accounting Principles require proper cut off of accounts payable at year end. As a result, goods or services incurred prior to September 30 and not paid as of the end of the year should be recorded as liabilities.

Condition – At the end of the fiscal year, the City designed and implemented procedures to communicate to departments and request information regarding invoices received and paid subsequent to year-end to determine whether or not they should be recorded as accounts payable as of September 30, 2014. However, during our audit process, we identified a number of significant invoices related to both operating and construction costs that had not been appropriately accrued in the normal process. City management undertook an additional review and discovered and recorded additional items required to be accrued as of year-end.

Context – Adjusting entries were recorded to increase accounts payable as of year-end.

Cause – Although procedures and controls may be in place, they are manual in nature and not sufficient to effectively detect material misstatements of payables and expenditures. In addition, current procedures allow invoices to come to various departments throughout the City for processing.

Effect – Failure to implement proper cut off policies and procedures exposes the City to risk of erroneous financial reporting as well as violations of the state prompt payment act law.

Recommendation – Review the procedures and process in place at year-end to determine what changes to the process are required to ensure that year-end payables are accurately identified and recorded. Consider automating the management of invoices through the deployment of technology. Provide additional training and supervision to all personnel performing the identification process of year-end accounts payable. Institute additional quality control procedures to ensure the process is appropriately performed. We would further strongly recommend centralizing the function of receiving the invoices and instituting a requirement for 3 way match within the Finance Department.

Views of Responsible Officials – See Corrective Action Plan

2014-004 Significant Deficiency: Accounting and Management of Capital Projects (Updated from Fiscal Years 2004-2013)

Criteria – Proper accounting for capital projects requires the maintenance of an accurate, detailed listing of all projects that meet the City’s criteria for capitalization.

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. However, we continue to note issues in accounting for capital projects in progress. In a number of instances we noted that several projects are open for multiple years, projects were continued to be carried as construction in progress when they have been completed, and a number of projects were carried in the construction in progress account when the project has been abandoned and there is no plan to complete the construction.

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Context – Capital assets represent the City’s single largest asset. As of September 30, 2014, 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 construction 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 Department of Finance. Departments are not held accountable as to the number of projects in progress and therefore in some instances, departments had hundreds of projects in progress instead of completing and closing out projects prior to commencing new ones.

Effect – Failure to properly manage construction in progress exposes the City to risk of erroneous reporting of capital asset activity.

Recommendation – Consider implementing the following:

- Limit the number of projects that a department can have in progress during a specific period of time.
- Require departments to specifically budget for each project, identify the source of funding for each project prior to obtaining the approval from City Council.
- Adopt and implement policies that define when a project is substantially complete, and enforce the closure of such project.
- Consistently perform the quarterly reconciliations to the general ledger for all capital expenditures.
- Require supervisory reviews of the quarterly reconciliations.

On an overall basis, improve communication between the operating departments and the Department of Finance related to capital assets.

Views of Responsible Officials – See Corrective Action Plan

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

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

2014-005 Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department (TPWD) Northwest Fort Worth Community Park (FWCP) – Earmarking and Allowable Cost

Program – State Program TPWD Northwest FWCP

Criteria – The TPWD Recreation Grant Program budget is divided into professional services, construction elements and land acquisition. The grant agreement requires that the amount to be reimbursed by the State for professional services to be limited to 12% of the construction element. OMB Circular A-133, Part 6 – Internal Controls, requires internal controls to be established around information and communication and monitoring to ensure only allowable costs and activities are charged to grant projects.

Condition and Context – The City put in place a review control to monitor compliance with allowable cost and earmarking requirements that requires the project manager to compare actual expenditures to-date to budgeted expenditures. During our audit, we noted that the information used in this review representing the grant budget was not accurate, and there was no evidence that the grant project manager was reviewing and signing off on the monthly grant status report.

Questioned Costs – None

Cause – The control was not properly designed to require that changes made to the budget be independently reviewed, and it was not properly implemented to enforce the independent review of the monthly grant status reports.

Effect – Failure to design and implement a proper monitoring control increases the risk of noncompliance with grant requirements. While the control was not properly designed and implemented, the City did comply with earmarking and allowable cost requirements for fiscal year 2014.

Recommendation – Design and implement controls that require the review of the budget after it has been entered into Management Accounting and Reporting System (MARS), and implement procedures that enforce the review by the project manager of the monthly grant status reports to ensure that the expenses are being properly captured in the report.

Views of Responsible Officials – See Corrective Action Plan

2014-006 Material Noncompliance and Material Weakness in Internal Controls: Guinn School Renovation Project – Period of Availability

Program – State Program Guinn School Renovation Project, passed through the University of North Texas Health Science Center (UNTHSC)

Criteria – The State of Texas 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. In the grant agreement between the UNTHSC and the City for the City’s Project #452286, Section 2.3 states “in the event that the City incurs such City Allocated Funds after expiration of the State fiscal year (September 1 through August 31) in which they were received by UNTHSC and the Comptroller demands repayment of all or any portion of such City Allocated Funds specifically due to that fact, the City will pay UNTHSC or the State of Texas an amount equal to the refund demanded from any legally available source of funds.” No rollover is permitted.

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Condition and Context – Grant Management incurred expenditures after the end of the period of availability for project 452286 which ended on August 31, 2013. The total amount incurred and charged to the grant after the end of the period of availability was \$62,408.

Questioned Costs – \$62,408

Cause – In prior years, the City was able to obtain an amendment to the grant agreement from UNTHSC that allowed the City to extend the period of availability. The City was unable to obtain such extension for the grant that ended on August 31, 2013.

Effect – Failure to monitor the period of availability and incurring grant expenditures outside that period exposes the City to the risk of loss of grant funding and possibility of repayment of such costs to the granting agency.

Recommendation – Implement appropriate controls that require the monitoring of spending of grant funds to ensure that grant expenditures are incurred during the period of availability as required by the grant agreement.

Views of Responsible Officials – See Corrective Action Plan

2014-007 Noncompliance and Significant Deficiency in Internal Controls: Litsey Road Widening – Reporting

Program – State Program Litsey Road Widening, 2014, 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 Project signed in June 2011, requires the City to provide to NCTCOG on a monthly basis a report of expenditures, including the City’s expenditure of local match funds. The report is required to 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 – Grant Management did not submit the 2 monthly “RTP TIP Program Project Invoice” reports on a timely basis to NCTCOG. Further, 1 of 4 monthly reports selected for testing was not appropriately supported by qualifying expenditures recorded in the City’s records. Subsequent to the performance of our audit procedure, the City submitted the 2 missing reports.

Questioned Costs – None

Cause – Change in personnel responsibilities and staff turnover in the City’s Transportation and Public Works (TPW) department caused the delays and errors.

Effect – Ineffective controls to monitor the grant program reporting requirements and inaccurate information included in the monthly reports restricts necessary data that grantors need to provide the managerial oversight of grant funds and could expose the City to the risk of loss of future funding.

Recommendation – Establish controls to effectively monitor the grant program reporting requirements to ensure timely and accurate submission of the monthly reports to NCTCOG as required by the grant agreement.

Views of Responsible Officials – See Corrective Action Plan

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

2014-008 Material Noncompliance and Material Weakness in Internal Controls: Summer Food Service Program – Special Tests

Program – CFDA 10.559, Summer Food Service Program (SFSP), from the Texas Department of Agriculture (TDA)

Criteria – According to the 2013-2014 SFSP Application Packet, the budget detail for operating and administrative costs only includes meals related to lunch, snack, and supper. The budget does not include amounts budgeted for breakfast.

Condition and Context – Expenditures for the purchase of breakfast meals were included in the total SFSP expenditures. During the summer, an audit by Texas Department of Agriculture deemed expenditures for breakfast as unallowable. Nine out of 11 vendor invoices tested (representing all the invoices charged to the grant) included expenditures for breakfast.

Questioned Costs – \$56,254

Cause – Vendor invoices containing breakfast meal expenditures were approved by the Program Manager without referring to the approved application budget for approved meals that could be served. Per review of the prior year application package, breakfast expenses were allowable, thus the Parks and Community Services (PACS) Program Manager and the PACS Senior Accountant indicated there was confusion regarding which costs were approved to be charged to the grant in the year ended September 30, 2014. Additionally, even after the City received a finding from the granting agency, the PACS Program Manager and PACS Senior Accountant only corrected the costs related to the granting agency finding, but did not go back to review and correct other unallowable breakfast costs.

Effect – Without adequate monitoring controls over allowable cost, the City is at risk of noncompliance with grant requirements and at risk of loss of future grant funding.

Recommendation – The City should implement procedures that require the review of the invoices received from approved food vendors to ensure that the meals purchased are in compliance with the list of approved meals on the approved application (which includes the budget detail).

Views of Responsible Officials – See Corrective Action Plan

2014-009 Material Noncompliance and Material Weakness in Internal Controls: Summer Food Service Program – Reporting

Programs – CFDA 10.559, Summer Food Service Program (SFSP), passed through the Texas Department of Agriculture (TDA)

Criteria – According to the SFSP 2014 Administrative Guidance for Sponsors Handbook, sponsors are required to collect and retain daily meal count sheets that provide documentation of meals delivered and meals served at each site. These daily forms should be signed to testify to their accuracy. Further, with some exceptions, sponsors are required to conduct site visits during the first week of site operations and a site review within the first four weeks of site operation.

Condition and Context – Evidence of supervisory review was not documented on 36 out of 279 meal count sheets selected for testing for accuracy of meal counts. In addition, the actual meal counts served did not agree to the meal counts requested for reimbursement for 14 out of the 21 sites selected for testing. Generally, the meal counts requested were less than the actual meal counts and therefore no questioned costs were identified. Finally, evidence could not be provided for 4 of 18 monitoring site visits selected for monitoring report testing.

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Questioned Costs – None

Cause – Controls have not been properly designed or implemented to monitor site visits and meal count reporting requirements.

Effect – Failure to monitor sites, require signatures as evidence of the validity of daily meal counts, and retain documentation of these procedures could result in inaccurate meal count numbers being reported to TDA. Further, it exposes the City to loss of grant funding.

Recommendation – Implement procedures to ensure controls are properly designed and implemented for site visits, meal counts and preparing required reports. Ensure staff are properly trained around the importance of the accuracy of meal counts, the performance of procedures to ensure the accuracy of meal counts, and retention of documentation as evidence of these procedures.

Views of Responsible Officials – See Corrective Action Plan

2014-010 Significant Deficiency in Internal Controls: Homeland Security Grant Cluster – Reporting

Programs – CFDA 97.008/97.067 Homeland Security Grant Cluster, from the Department of Homeland Security, 2014, passed through the Texas Governor’s Division of Emergency Management

Criteria – The Texas Department of Homeland Security and the Governor’s Division of Emergency Management granting agencies require reporting in the form of progress reports to track activity. These reports are required to be submitted 30 days after the end of each quarter for the Metropolitan Medical Response System (MMRS) Program and as periodically required by the granting agencies for the other programs in this cluster. These reports serve as status reports and final accounting of the funds expended during the year, as these must be filed before reimbursement reports can be submitted. These reports should be reviewed by someone in the Office of Emergency Management other than the person in that department who prepared the report to ensure that the information submitted is accurate.

Condition and Context – Progress reports were filed on a timely basis, however as these reports are prepared and submitted on-line, there was no evidence of these reports being reviewed by the Office of Emergency Management prior to submission to the State. Furthermore, reimbursement reports submitted by grant project did not agree to the general ledger information for that project.

Questioned Costs – None

Cause – The City receives these grants on a continuing basis; however, expenditures tracked in the general ledger by grant year were not appropriately segregated until reconciliations are prepared months after reports are 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.

**CITY OF FORT WORTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

Effect – Inadequate record keeping during the year increases the risk that erroneous reports are prepared.

Recommendation – The City should strengthen controls and communication around the recording of all grant-funded expenditures. In addition, the Office of Emergency Management Grant Manager should closely monitor the opening and close-out of each grant year in this program and ensure reviews are performed timely on all reports submitted to the Governor’s Division of Emergency Management.

Views of Responsible Officials – See Corrective Action Plan

2014-011 Significant Deficiency in Internal Controls: Federal Asset Forfeiture – Department of Justice (DOJ) and Federal Asset Forfeiture – Department of Treasury (DOT) – Reporting, Allowable Cost, and Cash Management

Programs – CFDA 16.922, Federal Asset Forfeiture (DOJ); CFDA 21.000, Federal Asset Forfeiture (DOT)

Criteria – The Equitable Sharing for State and Local Law Enforcement Agencies Guide issued by the DOJ and the Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies issued by the DOT established for participating law enforcement agencies reporting requirements that include the annual submission of the Equitable Sharing Agreement and Certification form. The Equitable Sharing Agreement and Certification form contains a breakdown of the revenue and expense activity throughout the year.

Condition and Context – The information reported in the Equitable Sharing Agreement and Certification Report originally filed with the DOJ and the DOT did not agree to the general ledger. In addition, the Police Assistant Director failed to review the submitted report. Amended reports were filed to correct errors in the original reports.

Questioned Costs – None

Cause – Change in personnel responsibilities and staff turnover in the Police Department resulted in a failure of controls and compliance with the program requirement.

Effect – Ineffective controls to monitor the program requirements and inaccurate information included in the annual report increases the risk of noncompliance and exposes the City to the risk of loss of funding.

Recommendation – Establish controls that require the review of reports by someone independent of the preparer. Ensure that all reports filed with oversight agencies are supported by proper records.

Views of Responsible Officials – See Corrective Action Plan



This page intentionally left blank.

Corrective Action Plan



Findings Related to the Financial Statements

2014-001 Material Weakness: Grant Management

Concur. Based upon the recommendation of the external audit firm, the Department of Finance is developing a plan to submit to the Mayor, City Council, and City Manager to address the centralization of grants management within the Department of Finance. This will require additional staffing resources, but should minimize the oversight required by the departments and allow each of them to concentrate on what they do best – managing programs and delivering services, while staff within the Department of Finance can manage the oversight required from granting agencies. It is important to note that should this plan be accepted, it will be done as part of the fiscal year 2016 budget which leaves fiscal year 2015 (our current fiscal year) with potentially some of the same challenges.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Department of Finance, 817-392-8517

2014-002 Significant Deficiency: Financial Accounting and Reporting

Concur. The Department of Finance is developing a plan to submit to the Mayor, City Council, and City Manager to address staffing shortages which should dramatically improve our ability to perform complex analysis in areas that were lacking during the fiscal year 2014 audit. These areas, as outlined above, include the preparation of financial statements, reporting and management of investments, debt, capital assets, pension, and other post-employment benefits. It is important to note that should this plan be accepted, it will be done as part of the fiscal year 2016 budget which leaves fiscal year 2015 (our current fiscal year) with potentially some of the same challenges.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Department of Finance, 817-392-8517

2014-003 Significant Deficiency: Year End Accrual of Accounts Payable

Concur. The Department of Finance, in conjunction with the Department of Information Services, is currently working on the review of a software system which would allow the City to more proactively manage our invoice and accounts payable process. The features of this system include:

- Centralizing the receipt of invoices into one location;
- Automated 3-way match with our purchasing system;
- Exception processing through electronic distribution of invoices; and
- Reporting in order to determine the aging of invoices received but not yet paid.

While this system has not yet been acquired, configured, or installed, we are confident that this approach will dramatically improve the management and oversight needed to improve the accounts payable and accrual processes within the City.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Department of Finance, 817-392-8517

**CITY OF FORT WORTH
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2014**

2014-004 Significant Deficiency: Accounting and Management of Capital Projects (Updated from Fiscal Years 2004-2013)

Concur. The external auditors outline several recommendations within their findings, including:

- Limit the number of projects that a department can have in progress during a specific period of time.
- Require departments to specifically budget for each project, identify the source of funding for each project prior to obtaining the approval from City Council.
- Adopt and implement policies that define when a project is substantially complete, and enforce the closure of such project.
- Consistently perform the quarterly reconciliations to the general ledger for all capital expenditures.
- Require supervisory reviews of the quarterly reconciliations.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Department of Finance, 817-392-8517

Findings and Questioned Costs Related to Federal and State Awards

2014-005 Significant Deficiency in Internal Controls: Texas Parks and Wildlife Department (TPWD) Northwest Fort Worth Community Park (FWCP) – Earmarking and Allowable Cost

Concur. In addition to any process established by the Department of Finance and Grant Management, the Parks and Community Services Department (PACSD) will, upon notice of the initial grant budget entry into the general ledger accounting system, complete a review for accuracy within 10 business days effective upon receipt of the next Texas Parks and Wildlife Department grant. Accounting Division will exercise more control over the budgeting process by requesting copies of the approved budget submitted to the agency in lieu of an emailed budget by the department. Based upon the information from the agency, Accounting will enter the budget into the system of record. PACSD will be sent a monthly report of the grant status in which they will be responsible for reviewing budget and expenditures. The project manager will be required to send back a signed copy of the report cover sheet, within 5 business days, stating that they have reviewed the report and agree with the information provided.

Contact Person: David Creek, Assistant Director, Parks and Community Services, 817-392-5744; Richard Zavala, Director, Parks and Community Services, 817-392-5711

2014-006 Material Noncompliance and Material Weakness in Internal Controls: Guinn School Renovation Project – Period of Availability

Concur. Due to the differences in fiscal year periods for the State (Sept - Aug) and the City (Oct - Sept), the City will continue to have some final expenditures during the month of September that extend beyond the State's fiscal year. The City will re-allocate eligible expenditures for the operation of the Business Assistance Center from the General Fund to the UNTHSC grant. Expenditures incurred after the State Fiscal year will not be charged to the grant.

Contact Person: Robert Sturns, Economic Development Manager, Housing and Economic Development, 817-392-2663; Jesus Chapa, Director, Housing and Economic Development, 817-392-5804

2014-007 Noncompliance and Significant Deficiency in Internal Controls: Litsey Road Widening – Reporting

Concur. The City of Fort Worth's Transportation and Public Works Department (TPW) has developed the following action plan to correct the situation.

- At the beginning of the project, the Project Manager will meet with the TPW Engineering Manager and representatives from the Grant Office to discuss the grant requirements as well as the roles and responsibilities for meeting the grant requirements for the duration of the project.
- Minutes will be recorded and distributed to all attendees. These minutes will establish the roles and process/procedure for grant program monitoring.

This information has been added to the Project Transfer Checklist. These procedural requirements will better ensure efficient and effective grant program monitoring from this point forward.

Contact Person: Leon Wilson, Engineer, Transportation and Public Works, 817-392-8883; Doug Wiersig, Director, Transportation and Public Works, 817-392-7801

**CITY OF FORT WORTH
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2014**

2014-008 Material Noncompliance and Material Weakness in Internal Controls: Summer Food Service Program – Special Tests

Concur. All questioned costs have been corrected subsequent to year end. To ensure program compliance with TDA and City guidelines, the following steps will be taken:

- All staff with administrative and programmatic duties for the Summer Food Program will attend a local TDA training
- All staff with administrative and programmatic duties will be trained on allowable costs under TDA guidelines through departmental informational meetings, using TDA guidelines and the Texas Administrative Code as references.
- Staff will seek guidance from TDA and follow their recommendation(s), should deviations in the normal meal pattern or any other program issues arise.
- The grants accountant and program coordinator will meet monthly to reconcile program costs, meal counts and submitted invoices.

Contact Person: Sonia Singleton, Assistant Director, Parks and Community Services, 817-392-5774; Richard Zavala, Director, Parks and Community Services, 817-392-5711

2014-009 Material Noncompliance and Material Weakness in Internal Controls: Summer Food Service Program – Reporting

Concur. Staff actions have been identified to improve program oversight and compliance.

Parks and Community Services staff will hold a two (2) day training to review the Texas Department of Agriculture (TDA) policies and procedures; and Fort Worth policies and procedures affecting the Summer Food program approximately two (2) weeks prior to the start of the Summer Food program. Training will include:

- How to conduct a meal count,
- How to accurately record data,
- Retention of records,
- How to order meals, and
- Other topics as required by the Texas Department of Agriculture.

Each meal site will receive a reference binder with instructions/information on policies, processes for meal counts, meal service, second meals, as well as key staff numbers to call for additional guidance and information.

Site monitors will receive training on:

- Checking meal counts,
- How to conduct the first week and fourth week monitoring, and
- How to ensure accurate data collection, including documentation of discrepancies or noncompliance by a site.

The program coordinator will receive training on:

- Retention of records, and
- How to ensure accurate next day meal orders.

Program management staff will reconcile meal orders versus meals served, complete all reports and ensure that all sites are approved in the TDA system prior to beginning meal service. Pre-approval from TDA will be obtained and documented before altering meal plans with a particular site. The City of Fort Worth has operated the summer food program for more than forty years. The program serves the children in the greatest need of experiencing hunger during summer months and is vital to their health and well-being.

**CITY OF FORT WORTH
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2014**

Contact Person: Sonia Singleton, Assistant Director, Parks and Community Services, 817-392-5774; Richard Zavala, Director, Parks and Community Services, 817-392-5711

2014-010 Significant Deficiency in Internal Controls: Homeland Security Grant Cluster – Reporting

Concur. The Office of Emergency Management and the Finance Grant Division will be meeting to discuss and produce the following:

- Improve the process of reconciliation of the ledger on a quarterly basis to prevent discrepancies in reimbursement reporting;
- Build upon reimbursement requesting processes to ensure the project expenditures are being recorded properly to the general ledger before requesting reimbursement. Grant expenditures are reported to the granting agency when they are complete in the form of reimbursement requests; and
- Take additional steps to allow for review and approval of progress reports before submitting the activity to the granting agencies. Progress reports are submitted by project coordinators to the grants office who submits the report to the SAA. The report is submitted online after review by management outside of the grants office. Grants staff will continue the practice of having a manager outside of the grants office review and initial the report before submitting and saving to file.

The Office of Emergency Management staff recognizes the importance of making timely corrections in the general ledger if needed to ensure accurate financial reports. Staff members are continuing to work hard to reconcile grant accounts on a monthly basis to prevent discrepancies in the future. In addition, a temporary contract accountant has been hired to work with staff to support the timely close out of the HSGP grants at the end of the performance period and to aid in the implementation of new procedures.

Contact Person: Eric Carter, Grants Manager, Emergency Management, 817-392-2877; David Coble, Acting Fire Chief, Emergency Management, 817-392-6849

2014-011 Significant Deficiency in Internal Controls: Federal Asset Forfeiture – Department of Justice (DOJ) and Federal Asset Forfeiture – Department of Treasury (DOT) – Reporting, Allowable Cost, and Cash Management

Concur. New HR hiring policies will assist the department in hiring and retaining a qualified Asset Forfeiture Coordinator. Once hired, the Asset Forfeiture Coordinator will be tasked with implementing the following improvements:

- We will centralize all DAG/TDF submissions through this coordinator position.
- Monthly reconciliations to the general ledger for all Asset Forfeiture Funds.
- The SOP will be updated, completed and implemented no later than four months after hiring the Asset Forfeiture Coordinator.
- Items for purchase are submitted through annual Needs Assessment Program.
- IOC's are to be kept on all actions requiring clean-up for future reference.

Contact Person: Shallah Graham, Assistant Police Director, 817-392-4229; Julie R. Wright, Fiscal Management Administrator, 817-392-4224; Rhonda K. Robertson, Police Chief, 817-392-4140



This page intentionally left blank.

Status of Prior Year Findings



**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014**

Part II—Findings Related to the Financial Statements

2013-001 Significant Deficiency: Accounting for Capital Assets (Updated from Fiscal Years 2004-2013)

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 Department of Finance 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 year 2013

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 Department of Finance.

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.
- Require supervisory reviews of the quarterly reconciliations.
- On an overall basis, improve communication between the operating departments and the Department of Finance related to capital assets.

Current Status of Corrective Action Plan:

Repeated. The implementation of the Corrective Action Plan is in process, see Current Year Finding (2014-004)

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

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.

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014**

- 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.

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

Current Status of Corrective Action Plan:

Corrected.

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

2013-003 Noncompliance 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.

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.

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.

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.

Current Status of Corrective Action Plan:

Corrected.

2013-004 Noncompliance 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”)

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

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014**

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.

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

Current Status of Corrective Action Plan:

Repeated. The Implementation of the Corrective Action Plan is in process; see Current Year Finding (2014-007).

2013-005 Noncompliance 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

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.

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.

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.

Current Status of Corrective Action Plan:

Corrected.

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014**

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

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

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:

Corrected.

**CITY OF FORT WORTH
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014**

***2013-007 Noncompliance 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

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.

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.

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.

Current Status of Corrective Action Plan:

Corrected.

***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

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

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.

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

Current Status of Corrective Action Plan:

Corrected.



This page intentionally left blank.

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
DOJ	-	Department of Justice
DOT	-	Department of Treasury
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
FWCP	-	Northwest Fort Worth Community Park
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

LIST OF ABBREVIATIONS

HUD	-	Housing and Urban Development
IDIS	-	Integrated Disbursement and Information System
ITC	-	Intersection Traffic Control
LIHEAP	-	Low Income Home Energy Assistance Program
MARS	-	Management and Accounting Reporting System
MMRS	-	Metropolitan Medical Response System
NCTCOG	-	North Central Texas Council of Governments
OJJDP	-	Office of Juvenile Justice and Delinquency Prevention
OMB	-	Office of Management and Budget
PACSD	-	Parks and Community Services Department
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
SAA	-	State Administrative Agency
SCRAM	-	Sex Crime Apprehension and Monitoring
SF272	-	Standard Form 272
SFSP	-	Summer Food Service Program
SMGCS	-	Surface Movement Guidance and Control System
SRF	-	State Revolving Fund
STEP	-	Selective Traffic Enforcement Program
TDA	-	Texas Department of Agriculture
TDHCA	-	Texas Department of Housing and Community Affairs
TPW	-	Transportation and Public Works
TPWD	-	Texas Parks and Wildlife Department
UGMS	-	Uniform Grant Management Standards
UNTHSC	-	University of North Texas Health Science Center
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.