

HOUSTON INDEPENDENT SCHOOL DISTRICT

2014 SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014
HOUSTON, TEXAS

FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC
SUCCESS

HOUSTON INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	Page
AUDITOR-PREPARED:	
Independent Auditor's 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>	1–2
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	3–5
Schedule of Findings and Questioned Costs	6-8
AUDITEE-PREPARED:	
Schedule of Expenditures of Federal Awards	9–14
Notes to the Schedule of Expenditures of Federal Awards	15
Status of Prior Year Audit Findings	16

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 Board of Education
Houston Independent School District:

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 Houston Independent School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

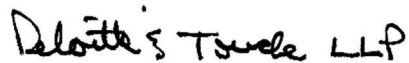
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

Deloitte's Touche LLP

November 13, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Board of Education
Houston Independent School District

Report on Compliance for Each Major Federal Program

We have audited the Houston Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal 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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 program occurred. An audit includes examining, on a test basis, evidence about the District'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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated November 13, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

November 13, 2014

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

Section I — Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weaknesses? No

Noncompliance material to financial
statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material
weakness(es)? No

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

Any audit findings disclosed that are
required to be reported in accordance
with Circular A-133 (section .510(a))? No

(Continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A Cluster
84.388A	School Improvement Grants, Recovery Act
84.027A, 84.173A, 84.181A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes

Section II – Findings Related to the Financial Statements

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
	U.S. DEPARTMENT OF AGRICULTURE—FOOD AND NUTRITION SERVICE:		
	Pass-Through Texas Department of Agriculture:		
	Non-Cash Assistance:		
N/A	National School Lunch Program	10.555	\$ 4,976,117
N/A	Summer Food Service Program for Children	10.559	<u>433,130</u>
	Non-Cash Assistance Subtotal		<u>5,409,247</u>
	Cash Assistance:		
N/A	School Breakfast Program	10.553	33,251,635
N/A	National School Lunch Program	10.555	63,632,106
N/A	Child and Adult Care Food Program	11.000	1,676,660
N/A	Summer Food Service Program for Children	10.559	<u>5,538,651</u>
	Cash Assistance Subtotal		<u>104,099,052</u>
	Total U.S. Department of Agriculture—Food and Nutrition Service		<u>109,508,299</u>
	U.S. DEPARTMENT OF COMMERCE—NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY:		
	Direct Program:		
70NANB13H102	NIST Summer Institute for Middle School Science Teachers Program	11.609	<u>4,000</u>
	Total U.S. Department of Commerce		<u>4,000</u>
	U.S. DEPARTMENT OF DEFENSE:		
	Direct Program:		
N/A	JROTC Career Academy	12.000	<u>1,982,409</u>
	Total U.S. Department of Defense		<u>1,982,409</u>
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
	Pass-Through City of Houston/Department of Housing and Community Development:		
4600012402/2013-1118	Community Development Block Grant	14.218	<u>145,204</u>
	Total U.S. Department of Housing and Urban Development		<u>145,204</u>

(Continued)

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct Program:			
U165A100037	Magnet Schools Assistance	84.165A	\$ 3,020,894
U165A130045	Magnet Schools Assistance	84.165A	683,309
S215G120194	Fund for the Improvement of Education	84.215G	262,188
U215X080193	Fund for the Improvement of Education	84.215X	101,919
U350A070035	Transition to Teaching Program	84.350A	68,026
U350A090044	Transition to Teaching Program	84.350A	297,902
U351C120100	Arts in Education	84.351C	205,450
U363A090171	School Leadership Program	84.363A	280,655
S374A100018	Teacher Incentive Fund	84.374A	6,150,977
S374B120011	Teacher Incentive Fund	84.374B	2,763,130
B416A140166	Race to the Top—District	84.416A	2,313,471
Total Direct Program			<u>16,147,921</u>
Pass-Through Texas Education Agency:			
134100087110504	Adult Education-Basic Grants to States	84.002A	1,960
13610104101912002	Title I Grants to Local Education Agencies	84.010A	2,701
13610104101912006	Title I Grants to Local Education Agencies	84.010A	7,184
13610104101912007	Title I Grants to Local Education Agencies	84.010A	6,485
13610104101912010	Title I Grants to Local Education Agencies	84.010A	36
13610104101912014	Title I Grants to Local Education Agencies	84.010A	978
13610104101912015	Title I Grants to Local Education Agencies	84.010A	418
13610104101912017	Title I Grants to Local Education Agencies	84.010A	20,108
13610104101912018	Title I Grants to Local Education Agencies	84.010A	5,035
13610104101912023	Title I Grants to Local Education Agencies	84.010A	887
13610104101912036	Title I Grants to Local Education Agencies	84.010A	615
13610104101912041	Title I Grants to Local Education Agencies	84.010A	2,634
13610104101912042	Title I Grants to Local Education Agencies	84.010A	2,896
13610104101912050	Title I Grants to Local Education Agencies	84.010A	211
13610104101912051	Title I Grants to Local Education Agencies	84.010A	271
13610104101912052	Title I Grants to Local Education Agencies	84.010A	457
13610104101912053	Title I Grants to Local Education Agencies	84.010A	193
13610104101912054	Title I Grants to Local Education Agencies	84.010A	3,527
13610104101912059	Title I Grants to Local Education Agencies	84.010A	3,299
13610104101912060	Title I Grants to Local Education Agencies	84.010A	445
13610104101912061	Title I Grants to Local Education Agencies	84.010A	4,800
13610104101912066	Title I Grants to Local Education Agencies	84.010A	12,260
13610104101912072	Title I Grants to Local Education Agencies	84.010A	942
13610104101912075	Title I Grants to Local Education Agencies	84.010A	820
13610104101912077	Title I Grants to Local Education Agencies	84.010A	4,645
13610104101912078	Title I Grants to Local Education Agencies	84.010A	5,096
13610104101912110	Title I Grants to Local Education Agencies	84.010A	1,254
13610104101912113	Title I Grants to Local Education Agencies	84.010A	104
13610104101912121	Title I Grants to Local Education Agencies	84.010A	3,359
13610104101912127	Title I Grants to Local Education Agencies	84.010A	13
13610104101912163	Title I Grants to Local Education Agencies	84.010A	3,917
13610104101912180	Title I Grants to Local Education Agencies	84.010A	5,024
13610104101912194	Title I Grants to Local Education Agencies	84.010A	4,057
13610104101912227	Title I Grants to Local Education Agencies	84.010A	2,004
13610104101912242	Title I Grants to Local Education Agencies	84.010A	36
13610104101912259	Title I Grants to Local Education Agencies	84.010A	5,822
13610104101912262	Title I Grants to Local Education Agencies	84.010A	77
13610104101912283	Title I Grants to Local Education Agencies	84.010A	557
13610104101912289	Title I Grants to Local Education Agencies	84.010A	139
13610104101912295	Title I Grants to Local Education Agencies	84.010A	6,592
13610104101912332	Title I Grants to Local Education Agencies	84.010A	47

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HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
13610104101912340	Title I Grants to Local Education Agencies	84.010A	\$ 3,215
13610104101912369	Title I Grants to Local Education Agencies	84.010A	27
13610104101912019	Title I Grants to Local Education Agencies	84.010A	10
13610104101912009	Title I Grants to Local Education Agencies	84.010A	(2,698)
14610112101912225	Title I Grants to Local Education Agencies	84.010A	7,649
14610112101912210	Title I Grants to Local Education Agencies	84.010A	11,580
14610112101912369	Title I Grants to Local Education Agencies	84.010A	1,573
14610112101912262	Title I Grants to Local Education Agencies	84.010A	13,491
14610112101912155	Title I Grants to Local Education Agencies	84.010A	13,443
14610112101912271	Title I Grants to Local Education Agencies	84.010A	19,548
14610112101912104	Title I Grants to Local Education Agencies	84.010A	19,616
14610112101912123	Title I Grants to Local Education Agencies	84.010A	6,230
14610112101912383	Title I Grants to Local Education Agencies	84.010A	19,548
14610112101912127	Title I Grants to Local Education Agencies	84.010A	14,215
14610112101912257	Title I Grants to Local Education Agencies	84.010A	1,413
14610112101912223	Title I Grants to Local Education Agencies	84.010A	19,680
14610112101912227	Title I Grants to Local Education Agencies	84.010A	9,218
14610112101912298	Title I Grants to Local Education Agencies	84.010A	2,324
14610112101912187	Title I Grants to Local Education Agencies	84.010A	10,359
14610112101912174	Title I Grants to Local Education Agencies	84.010A	14,000
14610112101912470	Title I Grants to Local Education Agencies	84.010A	15,055
14610112101912115	Title I Grants to Local Education Agencies	84.010A	13,028
14610112101912358	Title I Grants to Local Education Agencies	84.010A	18,969
14610112101912125	Title I Grants to Local Education Agencies	84.010A	4,208
14610112101912283	Title I Grants to Local Education Agencies	84.010A	1,378
14610112101912170	Title I Grants to Local Education Agencies	84.010A	5,937
14610112101912042	Title I Grants to Local Education Agencies	84.010A	8,029
14610112101912058	Title I Grants to Local Education Agencies	84.010A	2,783
14610112101912052	Title I Grants to Local Education Agencies	84.010A	15,509
14610112101912053	Title I Grants to Local Education Agencies	84.010A	1,804
14610112101912041	Title I Grants to Local Education Agencies	84.010A	11,077
14610112101912045	Title I Grants to Local Education Agencies	84.010A	12,108
14610112101912046	Title I Grants to Local Education Agencies	84.010A	2,466
14610112101912078	Title I Grants to Local Education Agencies	84.010A	5,202
14610112101912072	Title I Grants to Local Education Agencies	84.010A	2,817
14610112101912340	Title I Grants to Local Education Agencies	84.010A	10,131
14610112101912059	Title I Grants to Local Education Agencies	84.010A	18,834
14610112101912082	Title I Grants to Local Education Agencies	84.010A	3,258
14610112101912102	Title I Grants to Local Education Agencies	84.010A	27,377
14610112101912110	Title I Grants to Local Education Agencies	84.010A	47,119
14610112101912140	Title I Grants to Local Education Agencies	84.010A	64,746
14610112101912154	Title I Grants to Local Education Agencies	84.010A	31,137
14610112101912180	Title I Grants to Local Education Agencies	84.010A	60,590
14610112101912378	Title I Grants to Local Education Agencies	84.010A	6,491
14610112101912185	Title I Grants to Local Education Agencies	84.010A	57,413
14610112101912232	Title I Grants to Local Education Agencies	84.010A	82,093
14610112101912243	Title I Grants to Local Education Agencies	84.010A	1,362
14610112101912247	Title I Grants to Local Education Agencies	84.010A	34,377
14610112101912475	Title I Grants to Local Education Agencies	84.010A	130,974
14610112101912168	Title I Grants to Local Education Agencies	84.010A	58,797
14610112101912179	Title I Grants to Local Education Agencies	84.010A	39,719

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HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
14610112101912476	Title I Grants to Local Education Agencies	84.010A	\$ 44,371
14610112101912456	Title I Grants to Local Education Agencies	84.010A	42,113
14610112101912300	Title I Grants to Local Education Agencies	84.010A	84,134
14610112101912163	Title I Grants to Local Education Agencies	84.010A	61,602
14610112101912371	Title I Grants to Local Education Agencies	84.010A	119,686
14610112101912094	Title I Grants to Local Education Agencies	84.010A	10,168
14610112101912349	Title I Grants to Local Education Agencies	84.010A	12,998
14610112101912018	Title I Grants to Local Education Agencies	84.010A	20,406
14610112101912019	Title I Grants to Local Education Agencies	84.010A	57,898
14610112101912001	Title I Grants to Local Education Agencies	84.010A	19,317
14610112101912310	Title I Grants to Local Education Agencies	84.010A	18,987
14610112101912011	Title I Grants to Local Education Agencies	84.010A	16,649
14610112101912382	Title I Grants to Local Education Agencies	84.010A	17,443
14610112101912024	Title I Grants to Local Education Agencies	84.010A	812
14610112101912023	Title I Grants to Local Education Agencies	84.010A	2,178
14610112101912017	Title I Grants to Local Education Agencies	84.010A	10,149
13610110101912009	Title I Grants to Local Education Agencies	84.010A	20,509
13610110101912019	Title I Grants to Local Education Agencies	84.010A	510
13610110101912006	Title I Grants to Local Education Agencies	84.010A	34,507
13610110101912007	Title I Grants to Local Education Agencies	84.010A	10,914
13610110101912010	Title I Grants to Local Education Agencies	84.010A	4,246
13610110101912017	Title I Grants to Local Education Agencies	84.010A	35,380
13610110101912018	Title I Grants to Local Education Agencies	84.010A	68,271
13610110101912020	Title I Grants to Local Education Agencies	84.010A	10,893
13610110101912041	Title I Grants to Local Education Agencies	84.010A	37,491
13610110101912051	Title I Grants to Local Education Agencies	84.010A	9,488
13610110101912052	Title I Grants to Local Education Agencies	84.010A	43,782
13610110101912066	Title I Grants to Local Education Agencies	84.010A	27,715
13610110101912072	Title I Grants to Local Education Agencies	84.010A	33,150
13610110101912077	Title I Grants to Local Education Agencies	84.010A	25,871
13610110101912082	Title I Grants to Local Education Agencies	84.010A	54,384
13610110101912295	Title I Grants to Local Education Agencies	84.010A	68,320
14610101101912	Title I Grants to Local Educational Agencies	84.010A	90,934,988
13610101101912	Title I Grants to Local Educational Agencies	84.010A	16,057,630
14610103101912	Title I Grants to Local Educational Agencies	84.010A	9,697
13615001101912	Migrant Education—State Grant Program	84.011A	139,365
14615001101912	Migrant Education—State Grant Program	84.011A	543,173
146600011019126600	Special Education—Grants to States	84.027A	33,194,205
136600011019126600	Special Education—Grants to States	84.027A	5,207,980
14420006101912	Career and Technical Education Basic Grants to State	84.048A	2,774,642
146610011019126610	Special Education—Preschool Grants	84.173A	256,056
136610011019126610	Special Education—Preschool Grants	84.173A	20,485
126950147110034	Twenty-First Century Community Learning Centers	84.287C	68,795
136950147110034	Twenty-First Century Community Learning Centers	84.287C	992,898
126950127110017	Twenty-First Century Community Learning Centers	84.287C	19,267
136950167110021	Twenty-First Century Community Learning Centers	84.287C	99,407
146950167110021	Twenty-First Century Community Learning Centers	84.287C	2,446,153
146950197110010	Twenty-First Century Community Learning Centers	84.287C	1,912,305
51061201	Advanced Placement Incentive Program	84.330B	623
51061301	Advanced Placement Incentive Program	84.330B	2,985
13671001101912	English Language Acquisition Grants	84.365A	1,227,852
14671001101912	English Language Acquisition Grants	84.365A	4,404,178
13694501101912	Improving Teacher Quality State Grants	84.367A	2,592,823
14694501101912	Improving Teacher Quality State Grants	84.367A	11,052,437

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HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
69551402	Grants for State Assessments and Related Activities	84.369A	\$ 109,778
69551302	Grants for State Assessments and Related Activities	84.369A	62,909
105520017110034	School Improvement Grants, Recovery Act	84.388A	258,070
105520017110035	School Improvement Grants, Recovery Act	84.388A	345,835
105520017110036	School Improvement Grants, Recovery Act	84.388A	284,734
105520017110038	School Improvement Grants, Recovery Act	84.388A	136,343
105520017110067	School Improvement Grants, Recovery Act	84.388A	<u>1,182,423</u>
	Total Pass-Through Texas Education Agency		<u>178,463,512</u>
2814ELC008	Pass-Through Texas Workforce Commission: Adult Education-Basic Grants to States	84.002A	<u>47,050</u>
	Total Pass-Through Texas Workforce Commission		<u>47,050</u>
	Pass-Through Education Service Centers:		
13-022	Education for Homeless Children and Youth	84.196A	37,153
14-044	Education for Homeless Children and Youth	84.196A	270,501
3153-875/136600021019506674	Special Education-Grants to State	84.027A	14,952
146600021019506674	Special Education-Grants to State	84.027A	97,513
3153-878/136600021019506673	Special Education-Grants to State	84.027A	18,705
146600111019506673	Special Education-Grants to State	84.027A	133,204
143911011019503911	Special Education-Grants for Infants and Families	84.181A	<u>1,883</u>
	Total Pass-Through Education Service Centers		<u>573,911</u>
	Pass-Through Harris County Department of Education:		
126950147110032	Twenty-First Century Community Learning Centers	84.287C	20,642
136950147110032	Twenty-First Century Community Learning Centers	84.287C	294,198
126950127110014	Twenty-First Century Community Learning Centers	84.287C	<u>1,430</u>
	Total Pass-Through Harris County Department of Education		<u>316,270</u>
60031733/U350C110001	Pass-Through the Ohio State University: Transition to Teaching Program	84.350C	<u>56,335</u>
	Total Pass-Through the Ohio State University		<u>56,335</u>
P120A110109	Pass-Through Houston Community College System: Minority Science and Engineering Improvement Program -Astra STEM	84.120	<u>1,489</u>
	Total Pass-Through Houston Community College System		<u>1,489</u>
	Total U.S. Department of Education		<u>195,606,488</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
	Direct Program:		
1U87PS004142	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD and School-Based Surveillance	93.079	192,910

(Continued)

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
5U79SM060290	Substance Abuse and Mental Health Services	93.243	\$ 54,626
N/A	Medical Assistance Program	93.778	482,876
5U87DP001179	Cooperative Agreements to Support Comprehensive School Health Programs	93.938	<u>84,994</u>
	Total Direct Program		<u>815,406</u>
0008092N/5TPIAH000072-04	Pass-Through the University of Texas Health Science Center at Houston: Affordable Care Act (ACA) Abstinence Education Program	93.235	<u>161,167</u>
	Total Pass-Through the University of Texas Health Science Center at Houston		<u>161,167</u>
529-13-0049-00004	Pass-Through Texas Health and Human Services Commission: Refugee and Entrant Assistance—Discretionary Grants	93.576	33,334
529-13-0049-00004A	Refugee and Entrant Assistance—Discretionary Grants	93.576	<u>166,233</u>
	Total Pass-Through Texas Health and Human Services Commission		<u>199,567</u>
2813CCMC24	Pass-Through Harris County Department of Education: Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	108,244
2814CCMC24	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	<u>765,824</u>
	Total Pass-Through Harris County Department of Education		<u>874,068</u>
2013-042071	Pass-Through Texas Department of State Health Services: Maternal and Child Health Services Block Grant to the States	93.994	24,766
2014-001350	Maternal and Child Health Services Block Grant to the States	93.994	<u>87,584</u>
	Total Pass-Through Texas Department of State Health Services		<u>112,350</u>
	Total U.S. Department of Health and Human Services		<u>2,162,558</u>
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
GF4190-4/12ACHTX0010007	Pass-Through the University of North Texas: AmeriCorps	94.006	<u>2,000</u>
	Total Corporation for National and Community Service		<u>2,000</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 309,410,958</u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

(Concluded)

HOUSTON INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2014

1. The Houston Independent School District (the "District") utilizes the funds specified in the Texas Education Agency Financial Accountability System Resource Guide.

The Special Revenue Fund is used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

National School Lunch Program, School Breakfast Program, Summer Food Program, and Child and Adult Care Food Program revenues are accounted for in the Food Services Enterprise Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (measurable and available) and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due.

Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

3. The period of availability for federal grant funds for the purpose of liquidating outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, *Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement*.
4. The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the District at June 30, 2014.

Federal financial expenditures are reported in the financial statements as follows:

Total federal sources per financial statements for Governmental Funds	\$ 199,902,659
Total grants from federal agencies per financial statements for Enterprise Funds	<u>109,508,299</u>
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 309,410,958</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT

STATUS OF PRIOR YEAR AUDIT FINDINGS JUNE 30, 2013

Section II – Findings Related to the Financial Statements

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



HISD

Controller's Office

FINANCIAL EXCELLENCE
SUPPORTING ACADEMIC SUCCESS

It is the policy of the Houston Independent School District not to discriminate on the basis of age, color, handicap or disability, ancestry, national origin, marital status, race, religion, sex, veteran status, political affiliation, sexual orientation, gender identity and/or gender expression in its educational or employment programs and activities.

