

FINANCIAL EXCELLENCE SUPPORTING ACADEMIC SUCCESS

2015

SINGLE  
AUDIT  
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
HOUSTON, TEXAS

# HOUSTON INDEPENDENT SCHOOL DISTRICT

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

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, 2015, 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 12, 2015.

### **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 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of

financial statement finding section that we consider to be a significant deficiency in internal control over financial reporting 2015-001.

### **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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to Finding**

The District's response to the finding identified in our audit is described in the financial statement finding section. The District'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 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 12, 2015

## **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, 2015. 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.

### ***Auditors' 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 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, 2015.

### **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 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, 2015, and have issued our report thereon dated November 12, 2015, 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 12, 2015

# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

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### 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?	Yes
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>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.377A	School Improvement Grants
84.388A	School Improvement Grants, Recovery Act
84.048A	Career and Technical Education
84.287C	Twenty-First Century Community Learning Centers
84.416A	Race to the Top – District

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**

### **Finding 2015-001:**

**Finding:** The District utilizes a form of construction contracting referred to as Job Order Contracting (“JOC”), which has a District imposed limit of use not to exceed \$1,000,000 per campus per year. In addition, according to Texas Government Code Section 2269.403, the Board of Education would be required to approve each job, task, or purchase order that exceeds \$500,000. We noted one instance in which the \$1,000,000 per campus limit was exceeded. In addition, the District is currently evaluating whether the \$500,000 limit per job, task, or purchase order was exceeded.

**Recommendation:** Evaluate existing internal controls to ensure compliance with internal policy and Texas Government Code.

**Views of Responsible Officials:** See Corrective Action Plan

## **Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

#### **Section IV - Corrective Action Plan**

##### **2015-001 Noncompliance and Significant Deficiency in Internal Controls over Job Order Contracting**

**Corrective Action Plan:** As per the recommendation, existing internal controls were evaluated and new policies and procedures were implemented along with process improvement techniques. In addition, a training session covering Job Order Contracting (“JOC”) was conducted in October 2015.

**Estimated Completion Date:** October 2015

**Management Contact:** Sundaresh Kamath, Officer of Construction and Facility Services

**Status:** Complete

# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	\$ 7,217,332
N/A	Summer Food Service Program for Children	10.559	<u>459,869</u>
	Non-Cash Assistance Subtotal		<u>7,677,201</u>
Cash Assistance:			
N/A	School Breakfast Program	10.553	35,461,756
N/A	National School Lunch Program	10.555	67,172,334
N/A	Child and Adult Care Food Program	10.558	2,005,794
N/A	Summer Food Service Program for Children	10.559	<u>4,280,040</u>
	Cash Assistance Subtotal		<u>108,919,924</u>
	Total U.S. Department of Agriculture—Food and Nutrition Service		<u>116,597,125</u>
U.S. DEPARTMENT OF DEFENSE:			
Direct Program:			
N/A	JROTC Career Academy	12.000	<u>1,953,208</u>
	Total U.S. Department of Defense		<u>1,953,208</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-Through City of Houston/Department of Housing and Community Development:			
4600013091/2015-0081	Community Development Block Grant	14.218	<u>152,223</u>
	Total U.S. Department of Housing and Urban Development		<u>152,223</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Program:			
U165A100037	Magnet Schools Assistance	84.165A	1,248,209
U165A130045	Magnet Schools Assistance	84.165A	3,019,352
S215G120194	Fund for the Improvement of Education	84.215G	131,045
S215G140125	Fund for the Improvement of Education	84.215G	129,268
U215X080193	Fund for the Improvement of Education	84.215X	2,154
U350A090044	Transition to Teaching Program	84.350A	256,182
U351C120100	Arts in Education	84.351C	242,062
U363A090171	School Leadership Program	84.363A	168,415
S374A100018	Teacher Incentive Fund	84.374A	4,472,704
S374B120011	Teacher Incentive Fund	84.374B	3,062,511
B416A140166	Race to the Top - District	84.416A	<u>6,846,137</u>
	Total U.S. Department of Education		<u>19,578,039</u>

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# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Pass-Through Texas Education Agency:			
15610112101912001	Title I Grants to Local Education Agencies	84.010A	\$ 15,410
15610112101912006	Title I Grants to Local Education Agencies	84.010A	141,648
15610112101912007	Title I Grants to Local Education Agencies	84.010A	88,752
15610112101912009	Title I Grants to Local Education Agencies	84.010A	3,346
15610112101912011	Title I Grants to Local Education Agencies	84.010A	16,667
15610112101912014	Title I Grants to Local Education Agencies	84.010A	11,988
15610112101912017	Title I Grants to Local Education Agencies	84.010A	26,505
15610112101912019	Title I Grants to Local Education Agencies	84.010A	73,296
15610112101912023	Title I Grants to Local Education Agencies	84.010A	23,092
15610112101912024	Title I Grants to Local Education Agencies	84.010A	21,668
15610112101912041	Title I Grants to Local Education Agencies	84.010A	10,465
15610112101912042	Title I Grants to Local Education Agencies	84.010A	12,970
15610112101912045	Title I Grants to Local Education Agencies	84.010A	19,278
15610112101912046	Title I Grants to Local Education Agencies	84.010A	12,359
15610112101912047	Title I Grants to Local Education Agencies	84.010A	26,908
15610112101912052	Title I Grants to Local Education Agencies	84.010A	17,852
15610112101912053	Title I Grants to Local Education Agencies	84.010A	4,546
15610112101912054	Title I Grants to Local Education Agencies	84.010A	21,438
15610112101912056	Title I Grants to Local Education Agencies	84.010A	1,016
15610112101912058	Title I Grants to Local Education Agencies	84.010A	19,765
15610112101912059	Title I Grants to Local Education Agencies	84.010A	1,511
15610112101912072	Title I Grants to Local Education Agencies	84.010A	16,102
15610112101912078	Title I Grants to Local Education Agencies	84.010A	19,324
15610112101912082	Title I Grants to Local Education Agencies	84.010A	23,080
15610112101912094	Title I Grants to Local Education Agencies	84.010A	140,280
15610112101912102	Title I Grants to Local Education Agencies	84.010A	111,444
15610112101912104	Title I Grants to Local Education Agencies	84.010A	15,272
15610112101912110	Title I Grants to Local Education Agencies	84.010A	156,899
15610112101912115	Title I Grants to Local Education Agencies	84.010A	15,948
15610112101912123	Title I Grants to Local Education Agencies	84.010A	16,898
15610112101912125	Title I Grants to Local Education Agencies	84.010A	13,797
15610112101912127	Title I Grants to Local Education Agencies	84.010A	18,617
15610112101912132	Title I Grants to Local Education Agencies	84.010A	10,555
15610112101912140	Title I Grants to Local Education Agencies	84.010A	141,120
15610112101912144	Title I Grants to Local Education Agencies	84.010A	23,575
15610112101912154	Title I Grants to Local Education Agencies	84.010A	172,742
15610112101912155	Title I Grants to Local Education Agencies	84.010A	18,257
15610112101912163	Title I Grants to Local Education Agencies	84.010A	204,382
15610112101912168	Title I Grants to Local Education Agencies	84.010A	166,562
15610112101912170	Title I Grants to Local Education Agencies	84.010A	8,898
15610112101912174	Title I Grants to Local Education Agencies	84.010A	17,044
15610112101912179	Title I Grants to Local Education Agencies	84.010A	154,133
15610112101912180	Title I Grants to Local Education Agencies	84.010A	159,759
15610112101912185	Title I Grants to Local Education Agencies	84.010A	92,995
15610112101912187	Title I Grants to Local Education Agencies	84.010A	14,292
15610112101912194	Title I Grants to Local Education Agencies	84.010A	21,118
15610112101912210	Title I Grants to Local Education Agencies	84.010A	21,029
15610112101912223	Title I Grants to Local Education Agencies	84.010A	17,971
15610112101912225	Title I Grants to Local Education Agencies	84.010A	17,892
15610112101912227	Title I Grants to Local Education Agencies	84.010A	21,012
15610112101912232	Title I Grants to Local Education Agencies	84.010A	160,832
15610112101912243	Title I Grants to Local Education Agencies	84.010A	84,556
15610112101912247	Title I Grants to Local Education Agencies	84.010A	185,758
15610112101912257	Title I Grants to Local Education Agencies	84.010A	20,035
15610112101912262	Title I Grants to Local Education Agencies	84.010A	21,721
15610112101912271	Title I Grants to Local Education Agencies	84.010A	15,721

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# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
15610112101912283	Title I Grants to Local Education Agencies	84.010A	\$ 15,532
15610112101912298	Title I Grants to Local Education Agencies	84.010A	26,157
15610112101912300	Title I Grants to Local Education Agencies	84.010A	176,371
15610112101912310	Title I Grants to Local Education Agencies	84.010A	14,495
15610112101912329	Title I Grants to Local Education Agencies	84.010A	16,871
15610112101912340	Title I Grants to Local Education Agencies	84.010A	14,066
15610112101912349	Title I Grants to Local Education Agencies	84.010A	50,424
15610112101912358	Title I Grants to Local Education Agencies	84.010A	14,686
15610112101912369	Title I Grants to Local Education Agencies	84.010A	21,249
15610112101912371	Title I Grants to Local Education Agencies	84.010A	97,718
15610112101912378	Title I Grants to Local Education Agencies	84.010A	154,802
15610112101912382	Title I Grants to Local Education Agencies	84.010A	15,277
15610112101912383	Title I Grants to Local Education Agencies	84.010A	16,934
15610112101912456	Title I Grants to Local Education Agencies	84.010A	83,912
15610112101912470	Title I Grants to Local Education Agencies	84.010A	13,231
15610112101912473	Title I Grants to Local Education Agencies	84.010A	132,677
15610112101912475	Title I Grants to Local Education Agencies	84.010A	100,329
15610112101912476	Title I Grants to Local Education Agencies	84.010A	83,082
15610112101912477	Title I Grants to Local Education Agencies	84.010A	100,589
15610112101912479	Title I Grants to Local Education Agencies	84.010A	147,176
14610112101912001	Title I Grants to Local Education Agencies	84.010A	314
14610112101912011	Title I Grants to Local Education Agencies	84.010A	129
14610112101912014	Title I Grants to Local Education Agencies	84.010A	11,605
14610112101912017	Title I Grants to Local Education Agencies	84.010A	60
14610112101912018	Title I Grants to Local Education Agencies	84.010A	121,305
14610112101912019	Title I Grants to Local Education Agencies	84.010A	67,779
14610112101912023	Title I Grants to Local Education Agencies	84.010A	11,393
14610112101912041	Title I Grants to Local Education Agencies	84.010A	6,289
14610112101912042	Title I Grants to Local Education Agencies	84.010A	6,162
14610112101912045	Title I Grants to Local Education Agencies	84.010A	5,431
14610112101912046	Title I Grants to Local Education Agencies	84.010A	1,169
14610112101912047	Title I Grants to Local Education Agencies	84.010A	9,072
14610112101912052	Title I Grants to Local Education Agencies	84.010A	3,578
14610112101912053	Title I Grants to Local Education Agencies	84.010A	10,037
14610112101912054	Title I Grants to Local Education Agencies	84.010A	1,225
14610112101912056	Title I Grants to Local Education Agencies	84.010A	12,649
14610112101912058	Title I Grants to Local Education Agencies	84.010A	5,563
14610112101912059	Title I Grants to Local Education Agencies	84.010A	1,098
14610112101912072	Title I Grants to Local Education Agencies	84.010A	14,834
14610112101912078	Title I Grants to Local Education Agencies	84.010A	8,187
14610112101912082	Title I Grants to Local Education Agencies	84.010A	1,496
14610112101912094	Title I Grants to Local Education Agencies	84.010A	71,006
14610112101912102	Title I Grants to Local Education Agencies	84.010A	52,548
14610112101912104	Title I Grants to Local Education Agencies	84.010A	322
14610112101912110	Title I Grants to Local Education Agencies	84.010A	68,932
14610112101912115	Title I Grants to Local Education Agencies	84.010A	4,430
14610112101912123	Title I Grants to Local Education Agencies	84.010A	11,712
14610112101912125	Title I Grants to Local Education Agencies	84.010A	10,002
14610112101912127	Title I Grants to Local Education Agencies	84.010A	841
14610112101912132	Title I Grants to Local Education Agencies	84.010A	13,994
14610112101912140	Title I Grants to Local Education Agencies	84.010A	69,284
14610112101912144	Title I Grants to Local Education Agencies	84.010A	13,109
14610112101912154	Title I Grants to Local Education Agencies	84.010A	78,450
14610112101912155	Title I Grants to Local Education Agencies	84.010A	111
14610112101912163	Title I Grants to Local Education Agencies	84.010A	41,805
14610112101912168	Title I Grants to Local Education Agencies	84.010A	44,404
14610112101912170	Title I Grants to Local Education Agencies	84.010A	10,569

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# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
14610112101912174	Title I Grants to Local Education Agencies	84.010A	\$ 388
14610112101912179	Title I Grants to Local Education Agencies	84.010A	62,096
14610112101912180	Title I Grants to Local Education Agencies	84.010A	54,832
14610112101912185	Title I Grants to Local Education Agencies	84.010A	37,295
14610112101912187	Title I Grants to Local Education Agencies	84.010A	5,656
14610112101912194	Title I Grants to Local Education Agencies	84.010A	11,892
14610112101912210	Title I Grants to Local Education Agencies	84.010A	1,336
14610112101912223	Title I Grants to Local Education Agencies	84.010A	(11,550)
14610112101912225	Title I Grants to Local Education Agencies	84.010A	10,769
14610112101912227	Title I Grants to Local Education Agencies	84.010A	2,426
14610112101912232	Title I Grants to Local Education Agencies	84.010A	31,820
14610112101912243	Title I Grants to Local Education Agencies	84.010A	44,260
14610112101912247	Title I Grants to Local Education Agencies	84.010A	42,200
14610112101912257	Title I Grants to Local Education Agencies	84.010A	9,049
14610112101912262	Title I Grants to Local Education Agencies	84.010A	901
14610112101912271	Title I Grants to Local Education Agencies	84.010A	431
14610112101912283	Title I Grants to Local Education Agencies	84.010A	14,410
14610112101912298	Title I Grants to Local Education Agencies	84.010A	5,930
14610112101912300	Title I Grants to Local Education Agencies	84.010A	45,099
14610112101912310	Title I Grants to Local Education Agencies	84.010A	779
14610112101912329	Title I Grants to Local Education Agencies	84.010A	19,815
14610112101912340	Title I Grants to Local Education Agencies	84.010A	4,678
14610112101912349	Title I Grants to Local Education Agencies	84.010A	92,851
14610112101912358	Title I Grants to Local Education Agencies	84.010A	1,031
14610112101912369	Title I Grants to Local Education Agencies	84.010A	8,189
14610112101912371	Title I Grants to Local Education Agencies	84.010A	3,774
14610112101912378	Title I Grants to Local Education Agencies	84.010A	101,358
14610112101912382	Title I Grants to Local Education Agencies	84.010A	1,116
14610112101912383	Title I Grants to Local Education Agencies	84.010A	320
14610112101912456	Title I Grants to Local Education Agencies	84.010A	45,918
14610112101912470	Title I Grants to Local Education Agencies	84.010A	3,879
14610112101912473	Title I Grants to Local Education Agencies	84.010A	134,962
14610112101912475	Title I Grants to Local Education Agencies	84.010A	29,078
14610112101912476	Title I Grants to Local Education Agencies	84.010A	97,461
14610112101912479	Title I Grants to Local Education Agencies	84.010A	147,547
15610101101912	Title I Grants to Local Educational Agencies	84.010A	92,131,855
14610101101912	Title I Grants to Local Educational Agencies	84.010A	14,507,193
14610103101912	Title I Grants to Local Educational Agencies	84.010A	75
15615001101912	Migrant Education-State Grant Program	84.011A	473,090
14615001101912	Migrant Education-State Grant Program	84.011A	152,722
156600011019126600	Special Education-Grants to States	84.027A	33,698,099
146600011019126600	Special Education-Grants to States	84.027A	5,104,181
15420006101912	Career and Technical Education Basic Grants to State	84.048A	3,039,117
14420006101912	Career and Technical Education Basic Grants to State	84.048A	(2,652)
156610011019126610	Special Education-Preschool Grants	84.173A	210,990
146610011019126610	Special Education-Preschool Grants	84.173A	69,507
136950147110034	Twenty-First Century Community Learning Centers	84.287C	7,153
15695016711021	Twenty-First Century Community Learning Centers	84.287C	2,131,038
146950167110021	Twenty-First Century Community Learning Centers	84.287C	80,361
156950197110010	Twenty-First Century Community Learning Centers	84.287C	1,939,025
146950197110010	Twenty-First Century Community Learning Centers	84.287C	156,525
15671001101912	English Language Acquisition Grants	84.365A	4,223,219
14671001101912	English Language Acquisition Grants	84.365A	1,307,849
15671003101912	English Language Acquisition Grants	84.365A	163,210
15694501101912	Improving Teacher Quality State Grants	84.367A	10,281,257
14694501101912	Improving Teacher Quality State Grants	84.367A	4,540,184

(Continued)

# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	\$ 92,619
69551302	Grants for State Assessments and Related Activities	84.369A	84,037
146107107110006	School Improvement Grants	84.377A	923,256
105520017110034	School Improvement Grants, Recovery Act	84.388A	4,950
105520017110035	School Improvement Grants, Recovery Act	84.388A	13
105520017110036	School Improvement Grants, Recovery Act	84.388A	10,694
105520017110067	School Improvement Grants, Recovery Act	84.388A	<u>985,645</u>
	Total Pass-Through Texas Education Agency		<u>182,353,780</u>
	Pass-Through Education Service Centers:		
15-058	Education for Homeless Children and Youth	84.196A	220,244
14-044	Education for Homeless Children and Youth	84.196A	78,119
156600021019506674	Special Education-Grants to State	84.027A	92,741
146600021019506674	Special Education-Grants to State	84.027A	5,187
156600111019506673	Special Education-Grants to State	84.027A	123,196
146600111019506673	Special Education-Grants to State	84.027A	20,729
143911011019503911	Special Education-Grants for Infants and Families	84.181A	<u>3,508</u>
	Total Pass-Through Education Service Centers		<u>543,724</u>
	Pass-Through Harris County Department of Education:		
146950217110014	Twenty-First Century Community Learning Centers	84.287C	203,207
136950147110032	Twenty-First Century Community Learning Centers	84.287C	<u>1,912</u>
	Total Pass-Through Harris County Department of Education		<u>205,119</u>
	Pass-Through the Ohio State University:		
60031733/U350C110001	Transition to Teaching Program	84.350C	<u>62,997</u>
	Total Pass-Through the Ohio State University		<u>62,997</u>
	Pass-Through Houston Community College System:		
P120A110109	Minority Science and Engineering Improvement Program -Astra STEM	84.120	<u>21,928</u>
	Total Pass-Through Houston Community College System		<u>21,928</u>
	Total U.S. Department of Education		<u>202,765,587</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Direct Program:		
5U87PS004142	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD and School-Based Surveillance	93.079	239,065
5U79SM060290	Substance Abuse and Mental Health Services	93.243	35,591
N/A	Medical Assistance Program	93.778	<u>445,807</u>
	Total Direct Program		<u>720,463</u>

(Continued)

# HOUSTON INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Pass-Through Grantor's Number	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Total Expenditures
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Pass-Through the University of Texas Health Science Center at Houston:		
0008092N/5TPIAH000072	Affordable Care Act (ACA) Abstinence Education Program	93.235	\$ 8,000
0010382N/5TPIAH000072	Teenage Pregnancy Prevention Program	93.297	<u>25,917</u>
	Total Pass-Through the University of Texas Health Science Center at Houston		<u>33,917</u>
	Pass-Through Texas Health and Human Services Commission:		
529-15-0063-00003	Refugee and Entrant Assistance—Discretionary Grants	93.576	71,049
529-13-0049-00004A	Refugee and Entrant Assistance—Discretionary Grants	93.576	<u>62,134</u>
	Total Pass-Through Texas Health and Human Services Commission		<u>133,183</u>
	Pass-Through Harris County Department of Education:		
2813CCMC24	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	12,466
2814CCMC24	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	69,576
2815CCMC24	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	<u>658,245</u>
	Total Pass-Through Harris County Department of Education		<u>740,287</u>
	Pass-Through Texas Department of State Health Services:		
2015-001350-00	Preventive Health and Health Services Block Grant	93.991	89,751
2014-001350	Maternal and Child Health Services Block Grant to the States	93.994	<u>17,208</u>
	Total Pass-Through Texas Department of State Health Services		<u>106,959</u>
	Total U.S. Department of Health and Human Services		<u>1,734,809</u>
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
	Pass-Through the University of North Texas:		
GF4236-3/12ACHTX0010007	AmeriCorps	94.006	5,025
GF4190-4/12ACHTX0010007	AmeriCorps	94.006	<u>12,495</u>
	Total Corporation for National and Community Service		<u>17,520</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 323,220,472</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, 2015

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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 in 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, 2015.

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

Total federal sources per financial statements for Governmental Funds	\$ 206,623,347
Total grants from federal agencies per financial statements for	
Enterprise Funds	<u>116,597,125</u>
Total federal expenditures on Schedule of Expenditures of	
Federal Awards	<u>\$ 323,220,472</u>

# HOUSTON INDEPENDENT SCHOOL DISTRICT

STATUS OF PRIOR-YEAR AUDIT FINDINGS  
JUNE 30, 2015

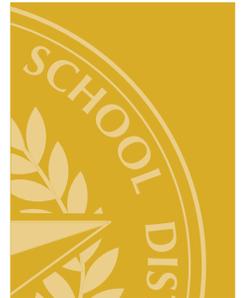
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## Section II – Findings Related to the Financial Statements

No matters were reported.

## Section III – Findings Related to the Financial Statements

No matters were reported.



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.

**HISD**  
**Controller's Office**  
FINANCIAL EXCELLENCE  
SUPPORTING ACADEMIC SUCCESS