



CITY OF HOUSTON, TEXAS

Federal Single Audit Report

Year Ended June 30, 2002

(With Independent Auditors' Reports Thereon)

CITY OF HOUSTON, TEXAS

Federal Single Audit Report

Year Ended June 30, 2002

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**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit
of the Financial Statements Performed in
Accordance With *Government Auditing Standards***

The Honorable Mayor, City Controller, and Members
of the City Council of the City of Houston, Texas:

We have audited the financial statements of the City of Houston, Texas (the City), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 17, 2002, which included a reference to other auditors for certain blended and discretely presented component units and a paragraph concerning the adoption of certain new Government Accounting Standards Board statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City in a separate letter dated December 17, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated December 17, 2002.

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

KPMG LLP

December 17, 2002





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**Independent Auditors' Report on Compliance With Requirements
Applicable to Each Major Federal Program, Internal Control Over
Compliance in Accordance With OMB Circular A-133 and the Schedule
of Expenditures of Federal Awards**

The Honorable Mayor, City Controller, and Members
of the City Council of the City of Houston, Texas:

Compliance

We have audited the compliance of the City of Houston, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City as of and for the year ended June 30, 2002, and have issued our report thereon dated December 17, 2002, which included a reference to other auditors for certain blended and discretely presented component units and a paragraph concerning the adoption of certain new Government Accounting Standards Board statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

KPMG LLP

December 17, 2002

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Executive Office of the President			
<u>Office of National Drug Policy</u>			
Joint Drug Intelligence Groups	07	I0PHNP501	\$ 6,259
Currency Narcotics Transshipment/4	07	I0PHNP502	21,513
Targeted Offenders Group 5	07	I0PHNP504	3,205
Drug Gang Intelligence Network	07	I0PHNP505	5,021
Houston Money Laundering/4	07	I0PHNP520	15,621
Major Drug Squad/4	07	I1PHNP500	98,978
Joint Drug Intelligence/6	07	I1PHNP501	111,125
Currency Narcotics Transshipment/5	07	I1PHNP502	545,185
Narcotics Ops Control Center/5	07	I1PHNP503	101,974
Target Offender/6	07	I1PHNP504	496,727
Drug Gang Network/8	07	I1PHNP505	192,779
Houston Money Laundering/5	07	I1PHNP520	360,277
Violent Crime Initiative/1	07	I1PHNP523	42,809
Major Drug Squad/5	07	I2PHNP500	17,693
Joint Drug Intelligence/7	07	I2PHNP501	37,850
Currency Narcotics Transshipment/6	07	I2PHNP502	71,289
Narcotics Ops Control Center/6	07	I2PHNP503	22,643
Houston Money Laundering/6	07	I2PHNP520	47,727
Violent Crime Initiative/2	07	I2PHNP523	12,337
Gang & Non-Traditional Gang Sq	07	I2PHNP525	82,917
Methamphetamine Initiative Grp	07	I2PHNP529	3,054
Targeted Narcotics Enforcement	07	I2PHNP533	160,156
Currency Narcotics Transshipment/3	07	I9PHNP502	50
Drug Gang Network/6	07	I9PHNP505	5,360
Total this grantor			2,462,549

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Department of Agriculture			
<u>Texas Department of Human Services*</u>			
2001 Bureau of Nutrition Services	10.557	001164001-10	2,189,550
2001 BNS WIC Outreach	10.557	001164001-14	810
2002 Bureau of Nutrition Services	10.557	001164002-11	4,326,739
Program Total			<u>6,517,099</u>
1999 Summer Food Program	10.559	99TX101-1007	2,669
2000 Summer Food Program	10.559	00TX101-1007	9,471
2001 Summer Food Program	10.559	01TX101-1007	1,760,637
2002 Summer Food Program	10.559	02TX101-1007	399,609
Program Total			<u>2,172,386</u>
Total this grantor			<u>8,689,485</u>
<u>Department of Agriculture</u>			
Saving Trees Accents New Development	10.664	00-07-06	20,000
Total this grantor			<u>20,000</u>
Department of Agriculture			
<u>Texas Department of Aging*</u>			
Cash in Lieu of Commodities	10.570		233,304
2002 USDA Program Aging	10.570	USD200216B	66,277
Total this grantor			<u>299,581</u>

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Department of Commerce			
<u>Economic Development Administration</u>			
Title TX Long-Term Economic	11.307	08-29-03168	21,416
Public Works Construction	11.307	08-01-03113	1,110,000
Total this grantor			1,131,416
Department of Housing and <u>Urban Development</u>			
Community Development Block Grant	14.218	B00MC480018	842,583
Community Development Block Grant	14.218	B01MC480018	800,000
Community Development Block Grant	14.218	B94MC480018	55,657
Community Development Block Grant	14.218	B95MC480018	226,000
Community Development Block Grant	14.218	B96MC480018	318,500
Community Development Block Grant	14.218	B99MC480018	8,286
Community Development Block Grant	14.218	B99MC480018	372,575
Community Development Block Grant	14.218	B00MC480018	11,414,430
Community Development Block Grant	14.218	B01MC480018	20,999,458
Community Development Block Grant	14.218	B99MC480018	2,311,612
Community Development Block Grant	14.218	B98MC480018	1,999,414
Community Development Block Grant	14.218	B97MC480018	1,015,114
Community Development Block Grant	14.218	B96MC480018	432,928
Community Development Block Grant	14.218	B95MC480018	(735)
Community Development Block Grant	14.218	B94MC480018	9,199
Community Development Block Grant	14.218	B93MC480018	1,785
Community Development Block Grant	14.218	B90MC480018	14,088
Community Development Block Grant	14.218	B84MC480018	18,006
Community Development Block Grant	14.218	B83MC480018	12,150
Program Total			40,851,050
Special Purpose Grant	14.227	TX24SPG501	276,754

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Emergency Shelter Grant	14.231	S00MC480002	611,726
Emergency Shelter Grant	14.231	S01MC480002	591,007
Emergency Shelter Grant	14.231	S99MC480002	(1,538)
Program Total			<u>1,201,195</u>
HOME Program	14.239	M00MC480206	3,778,400
HOME Program	14.239	M01MC480206	4,003,796
HOME Program	14.239	M99MC480206	1,303,820
HOME Program	14.239	M98MC480206	41,664
HOME Program	14.239	M97MC480206	69,978
HOME Program	14.239	M95MC480206	97,289
HOME Program	14.239	M94MC480206	11,490
Program Total			<u>9,306,437</u>
Housing Opportunity for Person w/AIDS	14.241	TX21H00-F003	2,511,226
Housing Opportunity for Person w/AIDS	14.241	TX21H01-F003	743,171
Housing Opportunity for Person w/AIDS	14.241	TX21H99-F060	987,388
Housing Opportunity for Person w/AIDS	14.241	TX21H98-F003	482,078
Housing Opportunity for Person w/AIDS	14.241	TX21H96-F061	7,384
Program Total			<u>4,731,247</u>
Economic Development Initiative	14.246	E95EZ480006	53,402
Community Technology Initiative	14.246	B00NITXHO1	887,750
Program Total			<u>941,152</u>
Section 108 Guaranteed Loan Program	14.248	SECT108	<u>2,741,568</u>
1999 Lead Base Control	14.900	TXLHC0103-98	<u>326,954</u>
Total this grantor			<u>60,376,357</u>

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Department of Justice			
Cultural Awareness Training	16	2001DDVXK002	23,883
Shared Forfeited Property	16	N/A	2,151,250
Shared Forfeited Property	16	N/A	964,092
Shared Forfeited Property	16	N/A	50,300
Anti-violent Crime	16	6-15010004	560
Program Total			<u>3,190,085</u>
Domestic Preparedness Equip	16.007	2000TECX0125	<u>282,248</u>
Truancy Reduction	16.541	1999MUMU0012	<u>33,301</u>
Gang Free Schools	16.544	2001JDFX0001	<u>53,900</u>
Police Storefront/8	16.575	VA00V3013592	1,642
Police Storefront/9	16.575	VA01V0913592	26,108
Program Total			<u>27,750</u>
Local Law Enforcement/4	16.592	99LBVX7374	1,289,239
Local Law Enforcement/5	16.592	00LBBX2102	1,556,825
Program Total			<u>2,846,064</u>
Weed & Seed - Gulfton	16.595	1999WSQX0080	(10,537)
Weed & Seed Gulfton/Y4	16.595	2001WSQX0063	137,077
Weed & Seed Fifth Ward	16.595	2001WSQX0152	2,755
Weed & Seed Northside	16.595	2001WSQX0153	1,095
Weed & Seed Gulfton/Y5	16.595	2002WSQX0044	3,715
Program Total			<u>134,105</u>
Interagency Coordination & Information Sharing	16.596	98-JNFX0010	<u>15,602</u>

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
COPS 3-1-1 Technology	16.710	1999CKWX0030	202,276
COPS More 98	16.710	98CLWX0180	134,700
Program Total			<u>336,976</u>
Total this grantor			<u>6,920,031</u>
Department of Justice			
<u>Office of the Governor, Criminal Justice Division*</u>			
Juvenile Accountability Block	16.523	JB99J2013322	1,085,605
Juvenile Accountability Block	16.523	JB00J2013322	258,212
Program Total			<u>1,343,817</u>
Gang Violence Reduction / Y3	16.540	JA00J2014777	82,224
Gang Violence Reduction / Y4	16.540	JA01J2014777	41,246
Program Total			<u>123,470</u>
Comprehensive Strategy	16.540	MU00J2015585	30,841
TITLE V Primary Students	16.548	JT00J2015703	190,966
TITLE V Secondary Students	16.548	JT00J2015704	141,324
Program Total			<u>332,290</u>
Total this grantor			<u>1,830,418</u>
Department of Transportation			
<u>Federal Aviation Administration</u>			
<u>Hobby Airport:</u>			
HOU - Airport Master Plan	20.106	3-48-0110-22	399,326
HOU - Rehabilitate Taxiway "A"	20.106	3-48-0110-21	3,101,272
HOU - Improve Approach End R/W35 Safety Area	20.106	3-48-0110-20	10,251
HOU - Airfield Lighting Control System	20.106	3-48-0110-19	112,181

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<u>Ellington Field:</u>			
Ellington Field - Airport Master Plan	20.106	3-48-0290-13	294,194
<u>Bush Intercontinental Airport:</u>			
IAH - Construction New Cargo Area	20.106	3-48-0111-40	5,938,111
IAH - Expand Runway 15R-33L	20.106	3-48-0111-38	3,600,000
IAH - Rehab. Term A North Concourse Apron	20.106	3-48-0111-35	981,916
IAH - Rehab. Terminal A & B Ramp (SW) - Ph. I	20.106	3-48-0111-30	(226,724)
IAH - R/W 8L-26R & Assoc'd Improvements	20.106	3-48-0111-37	23,000,000
IAH - Construction Terminal "C" SE Ramp	20.106	3-48-0111-39	10,000,000
Total this grantor			47,210,527
<u>Department of Transportation</u>			
<u>Federal Highway Administration</u>			
Bikeways Projects	20.205	CMAQ (731)	130
Bikeways Projects	20.205	STP94(224TE)	4,389
Bikeways Projects	20.205	STP94(231TE)	13,089
Total this grantor			17,608
<u>Department of Transportation</u>			
<u>Texas Department of Highways and</u>			
<u>Public Transportation*</u>			
Main Street Corridor Planning	20.205	TCSE004-Q69	47,771
Main Street Corridor Planning	20.205	TCSP014-668	107,795
Main Street Corridor Planning	20.205	TCSP2001-001	25,204
Program Total			180,770
STEP Intersection Traffic Control	20.600	010102A1BH	154,866
STEP SPEED	20.600	010102A1DF	136,494

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
STEP Holiday DWI	20.600	010202B1AC	48,591
STEP Comprehensive Traffic Control	20.600	0102A1JE	198,191
SAFE Trucks Driven Safely	20.600	011301C1AA	97,335
Occupant Protection Enforcement	20.600	020402A1AC	171,123
SAFE Trucks Driven Safely	20.600	021301A1AB	160,473
Program Total			967,073
Total this grantor			1,147,843
<u>Department of Treasury</u>			
Shared Forfeited Property	21	N/A	3,177,028
Total this grantor			3,177,028
<u>U.S. General Services Administration</u>			
<u>Texas General Services Commission*</u>			
Federal Surplus Personal Property Donation Program	39.003	N/A	2,611
Total this grantor			2,611
<u>Institute of Museum and Library Services</u>			
<u>Texas State Library Archives Commission*</u>			
2000 HALS	45.310	470-00008	(3,123)
2001 HALS	45.310	470-01008	355,332
2002 HALS	45.310	470-02008	1,150,717
2001 TANG	45.310	476-01018	55,485
2002 TANG	45.310	476-02018	34,838
2001 Interlibrary Loan	45.310	771-01043	73,935
2002 Interlibrary Loan	45.310	771-02043	235,245
Total this grantor			1,902,429

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>			
2002 CYBRARY	45.312	CL-10023-01	158,686
Total this grantor			158,686
<u>Environmental Protection Agency</u>			
Buffalo Bayou Water Project	66.001	X827372-01-0	3,245
01 EPA Lead Poison Ed Outreach	66.609	X-98668901-0	10,128
Total this grantor			13,373
<u>Environmental Protection Agency</u>			
<u>Texas Commission on Environmental Quality*</u>			
2000 TX Natural Resources - 105	66.001	582-0-80338	127,655
2001 TNRCC 103 Grant	66.001	582-1-87084	216,711
2002 TX Natural Resources - 105	66.001	582-2-89441	171,843
Program Total			516,209
99-01 Houston Site Recycling	66.802	SR9864330101	49,135
Total this grantor			565,344
<u>Environmental Protection Agency</u>			
<u>Texas Commission on Environmental Quality</u>			
<u>Houston-Galveston Area Council*</u>			
Brownsville Development Program	66.802	V996565010	(4,557)
Total this grantor			(4,557)

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Federal Emergency Management Agency			
<u>Texas Department of Public Safety*</u>			
Houston Emergency Management	83.534	EMT-9-97-PA-0005	210,000
Tropical Storm Allison	83.544	FEMA-1379-DR	370,350
Total this grantor			580,350
Department of Education			
<u>Office of the Governor, Criminal Justice Division*</u>			
ED - Safe & Drug Free Schools	84.186	ED99J2014948	77,900
Total this grantor			77,900
Department of Education			
ASPIRE FY2001	84.215	R215K000059	99,150
ASPIRE FY2002	84.215	R215K010210	16,388
Total this grantor			115,538
Department of Health and Human Services			
Houston Medical Strike Team	93	282-97-0039	31,425
Houston Medical Strike Team	93	282-97-0039	4,660
Houston Medical Strike Team	93	282-97-0039	10,461
Houston Medical Strike Team	93	282-97-0039	181,103
Program Total			227,649

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
2001 Tuberculosis Federal	93.116	CCU600445-20	1,357,678
2002 Tuberculosis Federal	93.116	CCU600445-21	941,941
Program Total			2,299,619
2001 Childhood Lead Poisoning	93.197	CCU618506-01	7,248
2002 Childhood Lead Poisoning	93.197	CCU618506-02	261,318
Program Total			268,566
2001 Immunization Federal	93.268	CCH604490-11	1,161,542
2002 Immunization Federal	93.268	CCH604490-12	552,481
2002 Immunization Federal	93.268	CCH604490-12A	12,859,435
Program Total			14,573,458
2000 Epidemiology (ELCIDS)	93.283	CCU616804-01	(731)
2001 Epidemiology (ELCIDS)	93.283	CCU616804-02	211,172
2001 Epidemiology (ELCIDS)	93.283	CCU616804-02	80,000
2001 Epidemiology (ELCIDS)	93.283	CCU616804-02	41,334
2001 Epidemiology (ELCIDS)	93.283	CCU616804-02	4,253
2002 Epidemiology (ELCIDS)	93.283	CCU616804-03	42,686
2001 Viral Hep C	93.283	CCU619044-01	39,488
2002 Viral Hep C	93.283	CCU619044-02	3,834
Program Total			422,036
1999 HIV Prevention	93.940	CCU601171-11	(504)
2001 HIV Prevention	93.940	CCU601171-13	3,143,295
2002 HIV Prevention	93.940	CCU601171-14	1,683,859
Program Total			4,826,650

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

CITY OF HOUSTON, TEXAS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
2001 HIV SURV/SEROSU/SPECTRUM	93.944	CCU606238-10	601,776
2001 HIV SURV/SEROSU/SPECTRUM	93.944	CCU606238-10	67,864
2002 HIV SURV/SEROPREVALENC	93.944	CCU606238-11	380,187
Program Total			1,049,827
Total this grantor			23,667,805
Department of Health and Human Services			
<u>Harris County, Texas*</u>			
Harris County Ryan White	93.915	01GEN0373	13,051
Total this grantor			13,051
Department of Health and Human Services			
<u>Texas Department on Aging*</u>			
2001 Title III B - Support Serv	93.041	SUPP200116B3	576,625
2002 Elder Abuse Prevention	93.041	EAP200216B	2,080
Program Total			578,705
2002 Ombudsman Activity	93.042	OAG200216B	18,466
2000 Title III B Direct A&A	93.044	AA3004816BB2	(645)
2001 Title III - Admin Aging	93.044	SUPP200116B1	191,740
2001 Title III B Direct A&A	93.044	SUPP200116B2	10,289
2001 Title III B Direct A&A	93.044	SUPP200116B2	12,681
2001 Title III B Direct A&A	93.044	SUPP200116B2	21,346
2001 Title III B Direct A&A	93.044	SUPP200116B2	8,430
2001 Title III B Direct A&A	93.044	SUPP200116B2	2,991
2002 Title III - Admin Aging	93.044	SUPP200216B1	413,161
2002 Title III B Direct A&A	93.044	SUPP200216B2	49,406

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
2002 Title III B Direct A&A	93.044	SUPP200216B2	28,660
2002 Title III B Direct A&A	93.044	SUPP200216B2	34,944
2002 Title III B Direct A&A	93.044	SUPP200216B2	94,500
2002 Title III B Direct A&A	93.044	SUPP200216B2	7,563
2002 Title III B DPS Program Inc	93.044	SUPP200216B3	956,474
2002 Title III B DPS Program Inc	93.044	SUPP200216B3	25,598
Program Total			<u>1,857,138</u>
2001 Congregate Meals Aging	93.045	CGM200116B	323,437
2002 Congregate Meals Aging	93.045	CGM200216B	701,743
2001 Home Delivered Meal Aging	93.045	HDM200116B	1,006,865
2002 Home Delivered Meal Aging	93.045	HDM200216B	1,555,543
Program Total			<u>3,587,588</u>
2002 Title III D Support	93.046	SUPP200216D	84,176
2002 Family Care Givers Aging	93.052	SUPP200216E	59,600
2001 Health Care Finance	93.779	HCF014816B	(2,702)
2002 Center Medicare/Medicaid	93.779	HCF2002-011	7,798
2002 Health Insurance Counseling	93.779	HCF200216B	8,426
Program Total			<u>13,522</u>
Total this grantor			<u>6,199,195</u>

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

CITY OF HOUSTON, TEXAS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
<u>Texas Department of Economic Development*</u>			
Social Service Block Grants	93.585	G9503TXECUR	858,549
Total this grantor			858,549
Department of Health and Human Services			
<u>Texas Department of Health*</u>			
2001 Hansen's Disease	93.215	001164002-01	8,111
2002 Hansen's Disease	93.215	001164003-04	7,035
Program Total			15,146
2001 Infect Disease Epid & Sur	93.283	001164001-15	8,215
2002 Infect Disease Epid & Sur	93.283	001164002-09	15,128
Program Total			23,343
2001 HIV / STD Infectious Reporting	93.940	001164002-02	24,145
2001 HIV Perinatal	93.940	001164002-04	23,356
2002 HIV / STD Infectious Reporting	93.940	001164003-01	153,464
2002 HIV Perinatal	93.940	001164003-03	46,718
Program Total			247,683
2001 HIV / STD Prev (L)	93.977	00116400203	641,267
2002 HIV / STD Prev (L)	93.977	001164003-02	530,124
Program Total			1,171,391
2001 Bureau Regional / Local Health	93.991	00116400109	168,673
2002 Bureau Regional / Local Health	93.991	001164002-08	225,483
Program Total			394,156
Total this grantor			1,851,719
Total Expenditures of Federal Awards			\$ 169,284,836

*Designates an indirect award; all others are direct.

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

CITY OF HOUSTON, TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2002

(1) Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Houston, Texas, (the City) except for the following program administered by a component unit, which is independently audited and separately reported on by other auditors:

Cultural Arts Council	\$ <u>435,313</u>
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(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for the governmental funds and the accrual basis for the enterprise funds, which is described in note 1 to the City's financial statements.

(3) Relationship to the Financial Statements

Federal financial expenditures are reported in the City's financial statements as follows (in thousands):

General Fund	\$ 212
Federal Grant Funds	115,519
Nonmajor Fund – Federal Asset Forfeiture	6,343
Enterprise Fund – Airport System Fund	<u>47,211</u>
	\$ <u>169,285</u>

(4) Relationship to the Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards may not agree with the amounts reported in the related financial reports filed with grantor agencies because of accruals which would be included in the next report filed with the agencies.

CITY OF HOUSTON, TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2002

(5) Subrecipients

Of the federal expenditures presented in the schedule, the City of Houston provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
2002 USDA Program - Aging	10.570	\$ 66,277
Community Development Block Grant	14.218	11,659,376
Emergency Shelter Grant	14.231	1,202,733
HOME Program	14.239	6,950,911
Housing Opportunity for Persons w/AIDS	14.241	4,578,314
Title V - Primary Students	16.548	190,966
Title V - Secondary Students	16.548	141,324
1999 - 2001 Housing Site Recycling	66.802	8,000
2001 Title III B DPS Program	93.041	550,103
2002 Elder Abuse Prevention	93.041	2,080
2002 Title III - B Support Services	93.041	982,072
2002 Ombudsman Activity Aging	93.042	18,466
2002 Title III - Admin Aging	93.044	4,899
2001 Congregate Meals Aging	93.045	309,274
2001 Home Delivered Meals Aging	93.045	894,615
2002 Congregate Meals Aging	93.045	701,744
2002 Home Delivered Meals Aging	93.045	1,555,543
2002 Title III D Support	93.046	84,176
2002 Family Care Givers Aging	93.052	59,600
2001 Immunization Federal	93.268	138,125
2001 Epidemiology (ELCIDS)	93.283	80,000
Social Services Block Grant	93.585	612,039
2001 HIV Perinatal Prev (Uniq)	93.940	70,025
2001 HIV Prevention	93.940	1,307,211
2002 HIV Prevention	93.940	791,168
2001 HIV SURV / SEROSU / SPECTRUM	93.944	2,438
2001 HIV / STD PREV (L)	93.977	52,274
2002 HIV / STD PREV (L)	93.977	20,530
2001 Bureau Regional / Local HLT	93.991	116,247
		<u>\$ 33,150,530</u>

CITY OF HOUSTON, TEXAS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2002

(1) Summary of Auditors' Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unqualified**
- (b) Reportable conditions in internal control disclosed by the audit of the financial statements: **None reported**
Material weaknesses: **No**

Federal Awards

- (c) Non compliance which is material to the financial statements: **No**
- (d) Reportable conditions in internal control over major programs: **None reported**
Material Weaknesses: **No**
- (e) The type of report issued on compliance for major programs: **Unqualified**
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133:
No
- (g) Major Federal Programs:

	<u>CFDA #</u>
Community Development Block Grant (CDBG)	14.218
Shared Forfeited Property	16 & 21
Airport Improvement Program	20.106
Special Programs for the Aging Cluster	93.044 & 93.045

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under section .530 of OMB Circular A-133: **Yes**

(2) Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards:

No findings were reported for the year ended June 30, 2002.

(3) Findings and Questioned Costs relating to Federal Awards

No findings or questioned costs were reported for the year ended June 30, 2002.

