

City of El Paso, Texas

Single Audit Reports

August 31, 2016

City of El Paso, Texas
Year Ended August 31, 2016

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City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture (USDA)				
Direct Program:				
Farmers' Market and Local Food Promotion Program	10.168		\$ -	\$ 23,891
Passed through from:				
Texas Department of State Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GS4116AD	-	3,883,603
		G4115BF	-	57,955
		GS4116BF	-	559,561
		G4114AD	-	49,694
		G4115AD	-	406,583
		G4114BF	-	8,034
		G4114NE	-	18,195
		G4115NE	-	137,246
		GS4116NE	-	1,293,863
			<u>-</u>	<u>6,414,734</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>6,438,625</u>
Department of Housing and Urban Development (HUD)				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		1,631,407	10,145,427
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>1,631,407</u>	<u>10,145,427</u>
Emergency Solutions Grant Program	14.231		187,797	187,797
HOME Investment Partnerships Program	14.239		-	4,885,583
Housing Opportunities for Persons with AIDS	14.241		322,972	322,972
Empowerment Zones Program	14.244		<u>980,500</u>	<u>980,500</u>
Total Department of Housing and Urban Development			<u>3,122,676</u>	<u>16,522,279</u>
Department of Justice (DOJ)				
Direct Programs:				
Missing Children's Assistance	16.543		-	6,449
Equitable Sharing Program	16.922		-	14,033
Passed through from:				
Texas Office of the Governor Criminal Justice Division Crime Victim Assistance	16.575	2592804	-	147,411
		2592803	-	1,998
			<u>-</u>	<u>149,409</u>
Total Department of Justice			<u>-</u>	<u>169,891</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Transportation (DOT)				
Direct Program:				
Airport Improvement Program	20.106		\$ -	\$ 8,065,200
<i>Highway Planning and Construction Cluster</i>				
Passed through from:				
Texas Department of Transportation Highway Planning and Construction	20.205	Various	-	6,438,997
New Mexico Department of Transportation Highway Planning and Construction	20.205	D14780	-	243,704
<i>Total Highway Planning and Construction Cluster</i>			<u>-</u>	<u>6,682,701</u>
Direct Programs:				
<i>Federal Transit Cluster</i>				
Federal Transit - Capital Investment Grants	20.500		-	362,621
Federal Transit - Formula Grants	20.507		-	12,094,168
Bus and Bus Facilities Formula Program	20.526		-	977,671
<i>Total Federal Transit Cluster</i>			<u>-</u>	<u>13,434,460</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		-	379,367
Public Transportation Research	20.514		-	8,911
Bus Testing Facility	20.529		-	43,553
<i>Transit Service Programs Cluster</i>				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513		431,976	466,530
Job Access and Reverse Commute Program	20.516		372,329	945,576
New Freedom Program	20.521		125,596	129,400
<i>Total Transit Services Programs Cluster</i>			<u>929,901</u>	<u>1,541,506</u>
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600		-	225,182
<i>Total Highway Safety Cluster</i>			<u>-</u>	<u>22,616</u>
<i>Total Highway Safety Cluster</i>			<u>-</u>	<u>247,798</u>
National Infrastructure Investments	20.933		-	1,638,468
Total Department of Transportation			<u>929,901</u>	<u>32,041,964</u>
National Endowment for the Arts (NEA)				
Direct Program:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024		-	15,000
			-	20,000
			<u>-</u>	<u>5,000</u>
Total National Endowment for the Arts			<u>-</u>	<u>40,000</u>
National Endowment for the Humanities (NEH)				
Direct Program:				
Promotion of the Humanities Public Program	45.164		-	1,000
Total National Endowment for the Humanities			<u>-</u>	<u>1,000</u>
Institute of Museum and Library Services				
Direct Program:				
Museums for America	45.301		-	99,307
Total Institute of Museum and Library Services			<u>-</u>	<u>99,307</u>

The accompanying notes are an integral part of this Schedule

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Environmental Protection Agency (EPA)				
Passed through from:				
Texas Commission on Environmental Quality Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	G341521	\$ -	\$ 163
		G341621	-	53,209
			-	53,372
Performance Partnership Grants	66.605	G341624	-	36,732
		G341616	-	88,536
		G341516	-	407
			-	125,675
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	66.931	G22TAA 15007	-	27,909
Total Environmental Protection Agency			-	206,956
Department of Health and Human Services (HHS)				
Direct Programs:				
Public Health Emergency Preparedness	93.069		-	901,525
Environmental Public Health and Emergency Response	93.070		-	18,435
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		-	21,576
			-	186,378
			-	4,448
			-	212,402
Passed through from:				
Texas Department of Health and Human Services Affordable Care Act (ACA) Abstinence Education Program	93.235	G411436	-	1,759
		G411536	-	21,213
			-	22,972
Immunization Cooperative Agreements	93.268	Various	-	1,083,106
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	Various	-	162,251
Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations- financed in part by Prevention and Public Health Funds (PPHF)	93.524	G201211120	-	1,476
HIV Prevention Activities - Health Department Based	93.940	Various	-	151,457
National Bioterrorism Hospital Preparedness Program	93.889	G411414	-	230
Preventive Health and Health Services Block Grant	93.991	G411637	-	45,481
Maternal and Child Health Services Block Grant to the States	93.994	N/A	-	294,987
Total Department of Health and Human Services			-	2,894,322

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Corporation for National and Community Service (CNCS)				
Passed through from:				
Texas Department of Aging and Disability Services Retired and Senior Volunteer Program	94.002	G7115RSDR G7116RSEF G7115RSEF G7114RSDR G7116RSDR GS7116RSAT G7114RSAT G7115RSAT	\$ - - - - - - - -	\$ 57,198 1,307 1,788 1,389 38,909 29,608 525 169
			<u>-</u>	<u>130,893</u>
<i>Foster Grandparent/Senior Companion Cluster</i> Foster Grandparent Program	94.011	Various	-	480,238
<i>Total Foster Grandparent/Senior Companion Cluster</i>			<u>-</u>	<u>480,238</u>
Total Corporation for National and Community Service			<u>-</u>	<u>611,131</u>
Executive Office of the President				
Direct Program: High Intensity Drug Trafficking Areas Program	95.001		-	2,131,269
Total Executive Office of the President			<u>-</u>	<u>2,131,269</u>
Department of Homeland Security (DHS)				
Direct Programs:				
Emergency Management Performance Grants	97.042		-	269,924
Homeland Security Grant Program	97.067		-	1,790,413
National Explosives Detection Canine Team Program	97.072		-	168
			<u>-</u>	<u>202,000</u>
			-	202,168
Homeland Security Biowatch Program	97.091		-	167,477
			-	1,842
			<u>-</u>	<u>60,256</u>
			-	229,575
Total Department of Homeland Security			<u>-</u>	<u>2,492,080</u>
Total Federal Awards Expended			<u>\$ 4,052,577</u>	<u>\$ 63,648,824</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2016

State Granting Agency/Grant Program	Grant or Identifying Number	Total State Expenditures
Texas Department of State Health Services		
Division of Prevention and Preparedness		
Infectious Disease Control		
	2016-001092-00	\$ 2,624
	2014-045528-001	1,234
	2016-003833-00	70,079
	2016-003766-00	39,131
		<u>113,068</u>
Tuberculosis Prevention and Control		
	2016-001450-00	487,489
	2014-001450-00	8,163
	2016-001450-01	448
	2015-001450-00	785
		<u>496,885</u>
Area Info Center		
	529-16-0006-00001B,	
	529-16-0006-00001C	276,535
	529-11-0001-00024G	2,231
	529-11-0063-00025D	1,773
		<u>280,539</u>
HIV Screening/Survey		
	2016-001227-00	2,943
	2016-001227-01	3,169
	2016-001227-02	463,743
	2014-001429-00	1,149
	2016-001429-00	54,164
		<u>525,168</u>
Zoonosis Control-Sterilization		
	537-16-138566	<u>15,440</u>
Total Texas Department of State Health Services		<u>1,431,100</u>
Texas Commission on the Arts (TCA)		
TCA Arts Create	TCA 16-38317	6,500
TCA Arts Curatorial	16-38088	4,500
TCA Sub Granting	16-38316	26,500
TCA Chalk the Block	16-38497	5,500
TCA Cultural District Promotions	16-38788	60,819
TCA Edible Education	16-38881	850
TCA Arts Respond Project	16-38919	2,542
TCA Farmer's Market	16-38498	3,600
		<u>110,811</u>
Total Texas Commission on the Arts		<u>110,811</u>
Texas Department of Housing and Community Affairs		
Homeless Housing and Services Program (HHSP)		
	63140001772	213
	63150002042	2,516
	63160002288	388,788
		<u>391,517</u>
Total Department of Housing and Community Affairs		<u>391,517</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2016

State Granting Agency/Grant Program	Grant or Identifying Number	Total State Expenditures
Texas Parks and Wildlife		
Futureland Park Project	474246	\$ 16,374
Parks Trailblazers Program	481676	2,581
Total Texas Parks and Wildlife		18,955
Texas Government Code 434.01 Veterans Assistance Commission		
Veterans Court Program	GSVET15	17,538
Texas Auto Burglary and Theft Prevention Authority		
Auto Burglary and Theft Prevention Program	2016-T01-CITY OF-00018	928,732
	2015-T01-CITY OF-00008	16,519
Total Texas Auto Burglary and Theft Prevention Authority		945,251
Texas Department of Public Safety		
Local Border Security Program	LBSP-15-0022	(826)
	2998201	254,000
	LBSP-14-0018	(352)
Total Texas Department of Public Safety		252,822
U.S. Marshals Services		
Lone Star Fugitive Task Force	JLEOTFS4	4,027
El Paso County		
Juvenile Offender	2015-0511	42,050
	2014-0442	88
	2013-0384	11,833
Total El Paso County		53,971
Council of Texas Archeologists (CTA)		
CTA Public Outreach	GS5416R1	498
Texas Commission on Environmental Quality		
Program Rider 8 - Reduce Ozone	582-11-11176	7,312
	582-16-60183	40,110
	582-14-40047	381,663
		429,085
Air Pollution Control Program Support	582-15-50122	297,960
Total Texas Commission on Environmental Quality		727,045
Total State Awards Expended		3,953,535
Total Federal and State Awards Expended		\$ 67,602,359

City of El Paso, Texas
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2016

Notes to Schedule

1. The accompanying schedule of expenditures of federal and state awards include the federal and state award activity of the City of El Paso, Texas (City) under programs of the federal and state government for the year ended August 31, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards issued by the Texas Comptroller of Public Accounts. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the schedules of expenditures of federal and state awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or the cost principles contained in the State of Texas Uniform Grant Management Standards (UGMS), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on these schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listed subsequently are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year are not included in the federal expenditures presented in the schedule, since there are no continuing compliance requirements other than required loan payments. New loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at August 31, 2016, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at August 31, 2016</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 10,352,099
14.239	HOME Investment Partnerships Program	43,539,175
14.244	Empowerment Zones Program	2,633,203
	Total revolving loans	<u>\$ 56,524,477</u>

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

The Honorable Mayor and
Members of the City Council
City of El Paso, Texas
El Paso, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas (City), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2017, which contained an Emphasis of Matter paragraph regarding a change in accounting principle and contained a reference to the report of other auditors. Our report includes a reference to other auditors who audited the financial statements of the El Paso Water Utilities Public Service Board, a discretely presented component unit of the City, and the El Paso City Firemen and Policemen's Pension Fund, a pension trust fund included in the aggregate remaining fund information, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the El Paso Firemen and Policemen's Pension Fund, a pension trust fund included in the aggregating remaining fund information, were not audited in accordance *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. 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 City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated February 28, 2017.

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
February 28, 2017

Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of El Paso, Texas
El Paso, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of El Paso, Texas's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of the City's major federal and state programs for the year ended August 31, 2016. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the El Paso Water Utilities Public Service Board (EPWU), a discretely presented component unit of the City, which received less than \$750,000 in federal and state awards for the year ended February 28, 2016, which are not included in the schedule during the year ended August 31, 2016. Our audit, described below, did not include the operations of the EPWU because the component unit did not require an audit in accordance with the Uniform Guidance or the State of Texas Uniform Grant Management Standards.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, contracts and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards*, issued by the Texas Comptroller of Public Accounts. Those standards, the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* 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 or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
May 3, 2017 for federal awards and February 28, 2018 for state awards

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform
Guidance and Schedule of Expenditures of State Awards Required by the State of
Texas *Uniform Grant Management Standards***

Independent Auditor's Report

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 28, 2017, which contained an unmodified opinion on those financial statements, an Emphasis of Matter paragraph regarding a change in accounting principle, and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Dallas, Texas
May 3, 2017

City of El Paso, Texas
Schedule of Findings and Questioned Costs
Year Ended August 31, 2016

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2016

7. The City's major federal programs were:

<u>Cluster/Program</u>	<u>CFDA Number</u>
<i>CDBG - Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnerships Program	14.239
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
<i>Federal Transit Cluster</i>	
Federal Transit - Capital Investment Grants	20.500
Federal Transit - Formula Grants	20.507
Bus and Bus Facilities Formula Program	20.526

8. The threshold used to distinguish between Type A and Type B programs was \$1,909,465.

9. The City qualified as a low-risk auditee?

Yes No

State Awards

10. The independent auditor's report on internal control over compliance for major state awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

11. The opinions expressed in the independent auditor's report on compliance for major state awards were:

Unmodified Qualified Adverse Disclaimer

12. The audit disclosed findings required to be reported by the State of Texas *Uniform Grant Management Standards*:

Yes No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2016

13. The City's major state programs were:

<u>Cluster/Program</u>
Auto Burglary and Theft Prevention Program
Program Rider 8 - Reduce Ozone
Homeless Housing and Services Program

14. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the State of Texas *Uniform Grants Management Standards* was \$300,000.

15. The City qualified as a low-risk auditee as that term is defined in the State of Texas *Uniform Grant Management Standards*? Yes No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2016

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the State of Texas *Uniform Grant Management Standards*

Reference Number	Finding
	No matters are reportable.

City of El Paso, Texas
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2016

Reference Number	Summary of Finding	Status
2015-001	<p><i>Criteria or Specific Requirement:</i> Management is responsible for the timely preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP.)</p> <p><i>Condition</i> The City's year-end closing procedures were not adequately performed.</p>	Resolved
2015-002	<p><i>Criteria or Specific Requirement:</i> In accordance with the OMB 2015 Compliance Supplement, City management is required to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. HOME-assisted units in a rental housing project must be occupied only by households that are eligible as low-income families and must meet certain limits on the rents that can be charged.</p> <p><i>Condition</i> The City's internal controls and policies established surrounding HOME-assisted rental housing projects tenant eligibly require the City to monitor HOME-assisted properties to ensure that they comply with the HOME eligibly requirements that apply throughout the period of affordability. Of the eight housing projects selected for testing, the City did not verify eligibility information for three housing projects within the past fiscal year. In addition, the City did not maintain and was unable to provide the tenant application files for one housing project, and therefore we were unable to verify the tenants' eligibility and rent being charged to the tenant.</p>	Resolved

City of El Paso, Texas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended August 31, 2016

Reference Number	Summary of Finding	Status
2015-003	<p><i>Criteria or Specific Requirement:</i> The <i>Code of Federal Regulations</i> (24 CFR sections 92.209(i), 92.251(f), and 92.504(d)) requires that during the period of affordability for HOME assisted rental housing, the participating jurisdiction (<i>i.e.</i>, the City) must perform on-site inspections of HOME assisted rental housing to determine compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The on-site inspections must occur within 12 months after project completion and at least once every three years thereafter during the period of affordability.</p> <p><i>Condition</i> Of the nine housing projects selected for testing, the City did not perform inspections of units as required on four housing projects during fiscal year 2015. In addition, the City did not have adequate internal controls or procedures in place to ensure compliance relating to housing quality standards. Audit procedures performed to ensure the propriety of the City’s Housing Quality Standards inspection tracking document revealed multiple instances in which the tracking spreadsheet did not project the correct “Next Inspection Due” date.</p>	Resolved