

# **City of El Paso, Texas**

Single Audit Reports

August 31, 2018



**City of El Paso, Texas**  
**Year Ended August 31, 2018**

**Contents**

<b>Schedule of Expenditures of Federal and State Awards.....</b>	<b>1</b>
<b>Notes to the Schedule of Expenditures of Federal and State Awards .....</b>	<b>7</b>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report.....</b>	<b>8</b>
<b>Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas <i>Uniform Grant Management Standards</i> – Independent Auditor’s Report.....</b>	<b>10</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>13</b>
<b>Summary Schedule of Prior Audit Findings.....</b>	<b>17</b>

**City of El Paso, Texas**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended August 31, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture (USDA)</b>				
Direct Program:				
Farmers' Market and Local Food Promotion Program	10.168	N/A	\$ -	\$ 10,762
Passed through from:				
Texas Health and Human Services Commission Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2017-049739-001 2017-049739-001A	- -	479,719 5,156,053
			<u>-</u>	<u>5,635,772</u>
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>5,646,534</u>
<b>Department of Housing and Urban Development (HUD)</b>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	5,609,800	7,795,631
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>5,609,800</u>	<u>7,795,631</u>
Emergency Solutions Grant Program	14.231	N/A	801,788	867,544
HOME Investment Partnerships Program	14.239	N/A	-	3,709,671
Housing Opportunities for Persons with AIDS	14.241	N/A	357,609	369,655
<b>Total Department of Housing and Urban Development</b>			<u>6,769,197</u>	<u>12,742,501</u>
<b>Department of Justice (DOJ)</b>				
Passed through from:				
Texas Office of the Attorney General Missing Children's Assistance	16.543	1885565	-	4,058
Texas Office of the Governor Crime Victim Assistance	16.575	2592805	-	181,780
<b>Total Department of Justice</b>			<u>-</u>	<u>185,838</u>
<b>Department of Labor (DOL)</b>				
Passed through from:				
<i>WIOA Cluster</i>				
Texas Workforce Commission WIA Dislocated Worker Formula Grants	17.278	F-P170736	-	6,280
<i>Total WIOA Cluster</i>			<u>-</u>	<u>6,280</u>
<b>Total Department of Labor</b>			<u>-</u>	<u>6,280</u>
<b>Department of Transportation (DOT)</b>				
Direct Program:				
Airport Improvement Program	20.106	N/A	-	14,472,255
<i>Highway Planning and Construction Cluster</i>				
Direct Program:				
Highway Planning and Construction	20.205	N/A	-	244,363
Passed through from:				
Texas Department of Transportation Highway Planning and Construction	20.205	0924-06-269 0374-02-089 0924-06-418 0167-02-059 0167-02-050 0924-06-458 0924-06-459 0924-06-496 0924-06-498 0924-06-503 0924-06-504 0924-06-539	- - - - - - - - - - - - -	1,132,599 1,228,545 408,083 621,274 4,276,786 41,952 36,534 19,695 453,624 1,077,958 335,020 48,458
		PL-112TX FHWA FY17 TX PL-112 FY18	- -	174,442 1,613,566
			<u>-</u>	<u>11,468,536</u>
New Mexico Department of Transportation				
Highway Planning and Construction	20.205	PL - 112 FY2017 - NM FHWA FY17 NM PL-112 FY2018	- - -	6,454 47,418
			<u>-</u>	<u>53,872</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>-</u>	<u>11,766,771</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, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Direct Programs:				
<i>Federal Transit Cluster</i>				
Federal Transit - Capital Investment Grants	20.500	N/A	\$ -	\$ 5,210,903
Federal Transit - Formula Grants	20.507	N/A	-	14,780,290
Bus and Bus Facilities Formula Program	20.526	N/A	-	1,460,669
<i>Total Federal Transit Cluster</i>			-	21,451,862
<i>Transit Service Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	1,229,711	1,269,172
Job Access and Reverse Commute Program	20.516	N/A	3,700	116,906
<i>Total Transit Services Programs Cluster</i>			1,233,411	1,386,078
Clean Fuels	20.519	N/A	-	75,646
Alternatives Analysis	20.522	N/A	-	5,540,069
Passed through from:				
Texas Office of the Governor				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	2017-EIPasoPD-S-1YG-0004	-	3,678
		2018-EIPasoPD-S-1YG-0004	-	231,286
<i>Total Highway Safety Cluster</i>			-	234,964
Direct Program:				
National Infrastructure Investments	20.933	N/A	-	1,671,764
<b>Total Department of Transportation</b>			<b>1,233,411</b>	<b>56,599,409</b>
<b>National Endowment for the Arts (NEA)</b>				
Direct Program:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	N/A	-	45,000
Passed through from:				
Texas Commission on the Arts				
Promotion of the Arts - Partnership Agreements	45.025	18.4229	-	6,000
<b>Total National Endowment for the Arts</b>			<b>-</b>	<b>51,000</b>
<b>Institute of Museum and Library Services</b>				
Direct Programs:				
Laura Bush 21st Century Librarian Program	45.313	N/A	-	819
Passed through from:				
Texas State Library and Archives Commission (TSLAC)				
Grants to States	45.310	475-18003	-	7,705
		475-18007	-	25,038
		475-18010	-	8,384
		475-18017	-	9,998
		723-18005	-	19,767
			-	70,892
<b>Total Institute of Museum and Library Services</b>			<b>-</b>	<b>71,711</b>

**City of El Paso, Texas**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended August 31, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Environmental Protection Agency (EPA)</b>				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air	66.034	N/A	\$ -	\$ 51,553
Performance Partnership Grants	66.605	N/A	-	138,920
<b>Total Environmental Protection Agency</b>			-	<b>190,473</b>
<b>Department of Health and Human Services (HHS)</b>				
Passed through from:				
Texas Department of Health and Human Services Public Health Emergency Preparedness	93.069	537-18-0344-00001	-	72,665
Environmental Public Health and Emergency Response	93.070	2015-CRCPD-03	-	18,917
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	537-18-0112-00001 537-18-0126-00001	- - -	209,199 563,764 772,963
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2016-001421-00 HHS000036000001	- - -	119,294 211,347 330,641
Immunization Cooperative Agreements	93.268	537-18-0055-00001	-	961,282
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	537-17-0384-00001 537-18-0344-00001	- - -	115,032 171,479 286,511
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	2012-111203	-	1,142
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	537-18-0215-00001	-	151,288
HIV Prevention Activities - Health Department Based	93.940	2016-001335-01 2016-001335B 2016-001338-07	- - - -	88,740 166,089 278,066 532,895
Preventive Health and Health Services Block Grant	93.991	2016-003907-01 2016-003907B	- - -	3,705 33,591 37,296
Maternal and Child Health Services Block Grant to the States	93.994	2012-039349 2014-044589-001 2015-046359-001 2016-003924-00 2016-003924-01 2016-003924-02 HHS000059200001	- - - - - - - -	24,234 138 17,853 1,495 2,572 236,837 85,769 368,898
<b>Total Department of Health and Human Services</b>			-	<b>3,534,498</b>

**City of El Paso, Texas**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended August 31, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Corporation for National and Community Service (CNCS)</b>				
Direct Program:				
Retired and Senior Volunteer Program	94.002	N/A	\$ -	\$ 70,959
Passed through from:				
Texas Department of Aging and Disability Services				
Retired and Senior Volunteer Program	94.002	17SRWTX023	-	32,471
Total Retired and Senior Volunteer Program			-	103,430
<i>Foster Grandparent/Senior Companion Cluster</i>				
Direct Program:				
Foster Grandparent Program	94.011	N/A	-	465,446
Passed through from:				
Texas Department of Health and Human Services				
Foster Grandparent Program	94.011	17SFWTX004	-	5,000
Total Foster Grandparent/Senior Companion Cluster			-	470,446
<b>Total Corporation for National and Community Service</b>			-	<b>573,876</b>
<b>Executive Office of the President</b>				
Direct Program:				
High Intensity Drug Trafficking Areas Program	95.001	N/A	-	2,283,243
<b>Total Executive Office of the President</b>			-	<b>2,283,243</b>
<b>Department of Homeland Security (DHS)</b>				
Direct Programs:				
Emergency Management Performance Grants	97.042	N/A	-	391,030
Assistance to Firefighters Grant	97.044	N/A	-	880,592
Passed through from:				
Texas Office of the Governor				
Homeland Security Grant Program	97.067	2950601	-	437
		2950702	-	199,486
		2950703	-	185,707
		2951002	-	1,171
		2951003	-	50,225
		2951102	-	585
		2951103	-	6,558
		3007102	-	986,060
		3221401	-	45,091
		3311801	-	309,721
		3458801	-	65,937
		3007103	-	233,841
		3309001	-	40,426
			-	2,125,245
Direct Program:				
Homeland Security Biowatch Program	97.091	N/A	-	154,508
<b>Total Department of Homeland Security</b>			-	<b>3,551,375</b>
<b>Total Federal Awards Expended</b>			<b>\$ 8,002,608</b>	<b>\$ 85,436,738</b>

**City of El Paso, Texas**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended August 31, 2018**

State Granting Agency/Grant Program	Grant or Identifying Number	Total State Expenditures
<b>Texas Department of State Health Services</b>		
Division of Prevention and Preparedness		
Infectious Disease Control	537-18-0325-00001	\$ 138,816
	537-18-0335-00001	4,506
		<u>143,322</u>
Tuberculosis Prevention and Control	537-18-0029-00001	462,737
211 Area Info Center		
	529-16-0006-00001E	226,145
	529-16-0006-00001F	32,853
		<u>258,998</u>
HIV Screening/Survey Program		
	2014-001338-00	294
	2016-001092	1,153
	2016-001338-02	155,524
	2016-001429-01	18,646
	2016-001429B	38,904
		<u>214,521</u>
<b>Total Texas Department of State Health Services</b>		<b><u>1,079,578</u></b>
<b>Texas Commission on the Arts (TCA)</b>		
TCA Arts Create	18-4229	7,000
TCA Chalk the Block	18-42461	4,000
TCA Arts Respond Project	18-42224	12,000
<b>Total Texas Commission on the Arts</b>		<b><u>23,000</u></b>
<b>Texas Department of Housing and Community Affairs</b>		
Homeless Housing and Services Program (HHSP)		
	63170002529	15,630
	63180002758	438,778
<b>Total Department of Housing and Community Affairs</b>		<b><u>454,408</u></b>

**City of El Paso, Texas**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended August 31, 2018**

State Granting Agency/Grant Program	Grant or Identifying Number	Total State Expenditures
<b>Texas Parks and Wildlife</b>		
Futureland Park Project	55-000024	\$ 25,960
Parks Trailblazers Program	52-000635	14,212
<b>Total Texas Parks and Wildlife</b>		<b>40,172</b>
<b>Texas Department of Motor Vehicles</b>		
Auto Burglary and Theft Prevention Program	608-18-0710200	<b>929,454</b>
<b>El Paso County</b>		
Juvenile Offender	CS 2017-0476	<b>38,060</b>
<b>Texas Commission on Environmental Quality</b>		
Program Rider 7 - Reduce Ozone	582-16-60183	314,891
Air Pollution Control Program Support	582-15-50122	298,376
<b>Total Texas Commission on Environmental Quality</b>		<b>613,267</b>
<b>Texas Office of the Governor</b>		
Local Border Security Program	2998203	356,002
Texas Anti-Gang (TAG) Program	3060701	449,060
	3060702	706,372
		1,155,432
<b>Total Texas Office of the Governor</b>		<b>1,511,434</b>
<b>Humanities Texas</b>		
Community Project - Lecture Series	2017-5217	<b>1,924</b>
<b>Total State Awards Expended</b>		<b>4,691,297</b>
<b>Total Federal and State Awards Expended</b>		<b>\$ 90,128,035</b>



# City of El Paso, Texas

## Notes to the Schedule of Expenditures of Federal and State Awards

### Year Ended August 31, 2018

#### Notes to Schedule

1. The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the primary government of the City of El Paso, Texas (City). The City's reporting entity is defined in *Note 1* in the City's basic financial statements for the year ended August 31, 2018.

The information in this Schedule 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.

The City's basic financial statements include the operations of El Paso Water Utilities – Public Service Board (EPWU), a discretely presented component unit of the City, which received \$2,202,247 in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended August 31, 2018.

2. Expenditures reported on the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund. 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*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, 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, 2018, consists of:

CFDA Number	Program Name	Outstanding Balance at August 31, 2018
14.218	Community Development Block Grants/Entitlement Grants	\$ 11,649,521
14.239	HOME Investment Partnerships Program	48,531,908
	Total revolving loans	<u>\$ 60,181,429</u>

**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***

**Independent Auditor's Report**

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, 2018, 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 26, 2019, which contained an emphasis of matter paragraph regarding a change in accounting principle and a reference to the reports 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.

***Internal Control Over Financial Reporting***

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

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

The Honorable Mayor and  
Members of the City Council  
City of El Paso, Texas  
Page 9

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*.

***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.

**BKD, LLP**

Dallas, Texas  
February 26, 2019

**Report on Compliance for Each Major Federal and State Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal and State Awards Required by the  
Uniform Guidance and the State of Texas *Uniform Grant Management Standards***

**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, 2018. 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 \$2,202,247 in federal awards for the year ended February 28, 2018, which are not included in the Schedule during the year ended August 31, 2018. Our audit, described below, did not include the operations of EPWU because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations 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 of 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, 2018.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

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

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 as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 26, 2019, which contained unmodified opinions 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  
February 26, 2019



**City of El Paso, Texas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended August 31, 2018**

7. The City's major federal programs were:

Cluster/Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Airport Improvement Program	20.106
Alternatives Analysis	20.522

8. The threshold used to distinguish between Type A and Type B programs was \$2,563,102.

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, 2018**

13. The City's major state programs were:

<u>Program</u>
Texas Anti-Gang (TAG) Program
Local Border Security Program (LBSP)

14. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the State of Texas *Uniform Grant 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, 2018**

**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, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		