



CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

August 31, 2005

(With Independent Auditors' Reports Thereon)

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

August 31, 2005

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* and
the State of Texas *Uniform Grant Management Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas (the City) as of and for the year ended August 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 10, 2006, which included references to the reports of other auditors. 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, and the State of Texas *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning. The financial statements of the City Employees' Pension Fund and Firemen and Policemen's Pension Fund (FPPF) were not audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*.

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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above as item 05-1 to be a material weakness.

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 and the report of other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 05-1. The results of our tests and the report of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under the State of Texas *Uniform Grant Management Standards*.

This report is intended solely for the information and use of the Mayor, City Council members and management of the City, the federal and state cognizant agencies, other federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 10, 2006

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
FEDERAL AWARDS				
<u>U.S. Department of Agriculture</u>				
Pass-through Texas Department of Health:				
W.I.C.	10.557	7460007499-02-11	\$ —	(5,861)
W.I.C.	10.557	7460007499-03-12	—	108,291
W.I.C.	10.557	7460007499-05-11	—	767,369
W.I.C.	10.557	7460007499-04-12	—	4,787,702
W.I.C.	10.557	7460007499-99-12	—	159,500
W.I.C.	10.557	7460007499-99-10	—	41,095
Total U.S. Department of Agriculture			—	5,858,096
<u>U.S. Department of Commerce</u>				
U.S. Community Adjustments and Investments Program (CAIP)	11.313	2001-039-TX-P	—	168,455
Total U.S. Department of Commerce			—	168,455
<u>U.S. Department of Housing and Urban Development</u>				
Supportive Housing Program	14.235	TX01B902001	—	52,045
Community Development Block Grant	14.218	B99-MC-48-0015	—	7,500
Community Development Block Grant	14.218	B00-MC-48-0015	—	33,472
Community Development Block Grant	14.218	B01-MC-48-0015	—	161,976
Community Development Block Grant	14.218	B02-MC-48-0015	—	1,966,311
Community Development Block Grant	14.218	B03-MC-48-0015	—	1,292,397
Community Development Block Grant	14.218	B04-MC-48-0016	1,582,389	5,515,508
CDBG Revolving Loan Fund	14.218	B01-MC-48-0015	—	2,102,106
Total CFDA Number 14.218			1,582,389	11,079,270
Emergency Shelter Grant	14.231	S-03-MC-48-0005	—	2,007
Emergency Shelter Grant	14.231	S-04-MC-48-0005	—	349,124
Total CFDA Number 14.231			—	351,131

CITY OF EL PASO, TEXAS
Schedule of Expenditures of Federal and State Awards
Year ended August 31, 2005

Grant title	CFDA number	Federal grant number	Subrecipient expenditures	Total expenditures
Home Investment Partnership	14.239	M-01-MC-48-0214	\$ —	181,081
Home Investment Partnership	14.239	M-02-MC-48-0214	—	570,362
Home Investment Partnership	14.239	M-03-MC-48-0213	—	1,276,901
Home Investment Partnership	14.239	M-04-MC-48-0213	—	2,955,463
Home Revolving Loan Fund	14.239	M-03-MC-48-0213	—	1,453,291
Total CFDA Number 14.239			—	6,437,098
UDAG Fund – Project Arriba	14.000		—	(120,000)
Total CFDA Number 14.000			—	(120,000)
Empowerment Zone Planning and Implementation Grant	14.244	EZ-99-TX-0013	—	4,894,204
Empowerment Zone Harvest Market	14.244		—	23,409
Empowerment Zone 1st Neighborhoods Program	14.244		—	5,499
HHSC – Enterprise Community	14.244		—	100,280
Total CFDA Number 14.244			—	5,023,392
Plaza Theater – EDI Grant	14.246		—	1,500
Total CFDA Number 14.246			—	1,500
Lead Hazard Control	14.900	TXLH80237-03	—	202,873
Total CFDA Number 14.900			—	202,873
Total U.S. Department of Housing and Urban Development			1,582,389	23,027,309
<u>U.S. Department of the Interior</u>				
National Park Service:				
Urban Park Recovery	15.919	48-CTY-2190-01-01	—	(62,500)
Total U.S. Department of the Interior			—	(62,500)

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

Grant title	CFDA number	Federal grant number	Subrecipient expenditures	Total expenditures
<u>U.S. Department of Justice</u>				
Pass-through Governor's Office of Criminal Justice:				
Juvenile Justice Block Grant – SHOCAP	16.523	JB-02-J20-13359-05	\$ —	6,589
Juvenile Justice Block Grant – SHOCAP	16.523	JB-03-J20-13359-06	—	141,309
Juvenile Justice Block Grant – SHOCAP	16.523	JB-05-J20-13359-07	—	7,332
Juvenile Justice Block Grant – Underage Drinking Initiative	16.523	JB-02-J20-15026-05	—	52,101
Total CFDA Number 16.523			—	207,331
Victims of Crime Act	16.575	VA-04-V30-13590-06	—	43,588
Victims of Crime Act	16.575	VA-05-V30-13590-07	—	19,919
Total CFDA Number 16.575			—	63,507
Victims Assistance Grant	16.576	04-G03661	—	—
Victims Assistance Grant	16.576	04-G03661	—	33,183
Total CFDA Number 16.576			—	33,183
Victims Assistance Discretionary Grant	16.582	04-G02082	—	—
Victims Assistance Discretionary Grant	16.582	04-G02082	—	57,801
Total CFDA Number 16.582			—	57,801
Violence Against Women Formula Grant	16.588	WF-00-V30-13413-03	—	46,714
Violence Against Women Formula Grant	16.588	WF-03-V30-13413-06	—	—
Violence Against Women Formula Grant	16.588	WF-03-V30-13413-07	—	112,954
Total CFDA Number 16.588			—	159,668
Local Law Enforcement Block Grant	16.592	2000-LB-BX-1725	—	(18,425)
Local Law Enforcement Block Grant Equipment and Technology Grant	16.592	2001-LB-BX-3286	—	(66,379)
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2249	—	333,645
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0865	—	38,792
Total CFDA Number 16.592			—	287,633
Metropolitan Medical Response System	16.007	282-99-0022	—	1,893
Total CFDA Number 16.007			—	1,893

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
Bulletproof Vest Program	16.607	010-07-274	\$ —	19,618
Total CFDA Number 16.607			—	19,618
C.O.P.S. Universal – Federal Crime Bill	16.710	95CCWX0207	—	70,988
C.O.P.S. Hiring Award	16.710	95CCWX0207	—	1,482,783
C.O.P.S. In Schools	16.710	2001SHWX0634	—	166,556
C.O.P.S. Culture of Integrity	16.710	95CCWX0207	—	270
C.O.P.S. More – Civilian Award	16.710	99CLWX0259	—	229,937
C.O.P.S. More – Civilian Award	16.710	1999CLWX0259	—	196,989
C.O.P.S. More – Auto Ticket	16.710	2002CLWX0009	—	115,626
C.O.P.S. In Schools 2004	16.710	2004-SHWX-0054	—	143,041
Human Trafficking	16.710	2005-VTBX-0014	—	3,814
C.O.P.S. In Schools 2004 – Code Blue 2004	16.710	2003-CKWX-0444	—	77,683
DHS Op Stone Garden	16.710		—	320,068
Total CFDA Number 16.710			—	2,807,755
Total U.S. Department of Justice			—	3,638,389
<u>U.S. Department of Labor</u>				
Youth Offenders Program	17.261	FY99	—	39,129
Total U.S. Department of Labor			—	39,129
<u>U.S. Department of Transportation</u>				
Pass-through State Department of Highways and Public Transportation:				
TXDOT Impaired Driving Step	20.600	584XXF6024	—	25,000
TXDOT Safe Communities	20.600	584XXF6055	—	18,867
TXDOT Safe and Sober	20.600	585XXF6033	—	484,054
TXDOT Click It or Ticket	20.600	585XXF6177	—	61,078
TXDOT Safe Communities	20.600	585XXF6033	—	102,478
TXDOT Impaired Driving Step	20.600	585XXF6175	—	8,405
TXDOT PhotoGrammetry	20.600	CSJ0924-06-259	—	100
Total CFDA Number 20.600			—	699,982

CITY OF EL PASO, TEXAS
Schedule of Expenditures of Federal and State Awards
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<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
<u>U.S. Department of Transportation</u>				
Pass-through State Department of Highways and Public Transportation:				
TIP Planning Funds	20.000		\$ —	260,172
FHWA/NMSH/MPO FY04	20.000		—	2,398
FHWA/TSDO/MPO FY00	20.000		—	—
FHWA/TSDO/MPO FY04	20.000		—	143,317
BIP Border Improvement Program FY02	20.000		—	82,246
BIP New Mexico	20.000		—	4,593
BIP Local Private	20.000		—	3,216
BIP Airport	20.000		—	5,518
BIP City	20.000		—	914
FHWA/NMSH/MPO FY05	20.000		—	17,318
FHWA/TXDOT/MPO FY05	20.000		—	692,615
New Mexico Special Studies	20.000		—	30,626
FHWA Border Wizard 05	20.000		—	1,001
Total CFDA Number 20.000			—	1,243,934
<u>Urbanized Area Formula Program</u>	20.507	Various	—	19,564,973
Total Urbanized Area Formula Program			—	19,564,973
<u>Airport Improvement Grant</u>	20.106	AIP3-48-0077-2002	—	8,091,632
Total Airport Improvement Grant			—	8,091,632
Total U.S. Department of Transportation			—	29,600,521
<u>Environmental Protection Agency</u>				
TCEQ Air Pollution	66.001	A-006154-04-0	—	16,906
TCEQ Air Pollution	66.001	A-006154-05-1	—	307,027
TCEQ PM Sampling	66.001	585-5-55865	—	91,817
TCEQ Whole Air Pollution	66.001	585-5-55897	—	73,619
TCEQ Pass Through	66.001	585-4-55824	—	133,277
EPA Air Quality	66.001	585-5-55886	—	27,194

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
Pass-through Texas Department of Health:				
TDH Asbestos	66.001	746007499A-2005-08	\$ —	86,836
TDH Asbestos	66.001	746007499A-2005-12	—	21,064
Total CFDA Number 66.001			—	757,740
Brownsfield Site Assessment	66.811	BP-9868-6001-0	—	16,914
Brownsfield Cleanup	66.811	BL-97612001-0	—	2,634
Total CFDA Number 66.811			—	19,548
Total Environmental Protection Agency			—	777,288
<u>Action</u>				
Pass-through Texas Department of Aging:				
Foster Grandparent Program	94.011	01SFWTX003	—	(47)
Foster Grandparent Program	94.011	01SFWTX003	—	59,177
Foster Grandparent Program	94.011	01SFWTX004	—	501,192
Total CFDA Number 94.011			—	560,322
Retired Seniors Volunteer Program	94.002	02SRWTX016	—	90,083
Retired Seniors Volunteer Program	94.002	04SRWTX016	—	112,862
Total CFDA Number 94.002			—	202,945
Total Action			—	763,267
<u>Department of Homeland Security</u>				
Pass-through Texas Department of Public Safety:				
FEMA Education	97.004	FG0200126FPS001	—	3
TEEX Homeland Security	97.004	2003 2004	—	1,649,064
TEEX SHSP	97.004	2004 2005	—	3,380
<u>TEEX Nonmonetary Assistance</u>	97.004			
TEEX SHSP Pre-2004	97.004		—	479,800
TEEX SHSP	97.004		—	186,907
TEEX LETPP	97.004		—	33,492
Total CFDA Number 97.004			—	2,352,646

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
Emergency Management FY2004	97.042	EMT-2004-GR-0105	\$ —	7,983
Emergency Management FY2005	97.042	EMT-2005-GR-0106	—	235,717
Emergency Management FY2005	97.042	EMT-2006-GR-0107	—	7,534
Total CFDA Number 97.042			—	251,234
Total Department of Homeland Security			—	2,603,880
<u>U.S. Department of Education</u>				
Pass-through Texas State Library:				
Library Services – TTPLS	84.034	470-02-005	—	1,262
Library Services – TTPLS	84.034	476-01-005	—	97
Library Services – TTPLS	84.034	470-04-005	—	1,244
Library Services – TTPLS	84.034	470-05-005	—	373,512
Total U.S. Department of Education			—	376,115
<u>U.S. Office of Library Services</u>				
Technical Assistance Negotiated Grant	45.310	476-01-005	—	100
Technical Assistance Negotiated Grant	45.310	476-03-005	—	403
Technical Assistance Negotiated Grant	45.310	476-04-015	—	70,608
Technical Assistance Negotiated Grant	45.310	476-05-015	—	—
Total U.S. Office of Library Services			—	71,111
<u>U.S. Department of Health and Human Services</u>				
HHSC – Substance Abuse Grant	93.243	1H79SM54759-01	—	562,742
Total CFDA Number 93.243			—	562,742
<u>Center for Disease Control</u>				
CDC TB Outreach	93.116	7460007499-02-04	—	107,812
CDC TB Outreach	93.116	7460007499-02-05	—	171,901
Total CFDA Number 93.116			—	279,713
Sexually Transmitted Diseases	93.940	7460007499-2005-02	—	93,341
Total CFDA Number 93.940			—	93,341

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
HIV Surveillance	93.944	7460007499-2005-01	\$ —	19,982
HIV Surveillance	93.944	7460007499-2005-02	—	11,794
Title V Fees – FY05	93.944	746007499A-2005-02	—	149,180
Pass-through Texas Department of Health: TDH Vector Initiative	93.944	746007499A-2005-03	—	19,957
Total CFDA Number 93.944			—	200,913
Public Health Preparedness	93.283	7460007499-2005-13	—	764,216
Lab Bio Terrorism Preparedness	93.283		—	290,638
Total CFDA Number 93.283			—	1,054,854
Pass-through Texas Department of Health: TDH Vector Initiative	93.991	74660007499-2005-11	—	19,115
TDH Office Regional Planning	93.991	74660007499-2005-10	—	71,047
Total CFDA Number 93.991			—	90,162
Childhood Lead Poisoning Prevention Program	93.262	7460007499-2005-05	—	55,988
Total CFDA Number 94.262			—	55,988
<u>Health Care and Other Facilities</u>				
Medical Examiner Facility Renovation	93.887		—	276,000
Total CFDA Number 93.887			—	276,000
Pass-through Texas Department of Health: CDC Nonmonetary Assistance – Immunizations	93.268		—	2,040,201
Total CFDA Number 93.268			—	2,040,201
Total U.S. Department of Health and Human Services			—	4,653,914
<u>Executive Office of the President</u>				
HIDTA – Airport Task Force	7.000	I7PSWP566	—	5,238
HIDTA – Airport Task Force	7.000	I4PSWP574	—	530,736
HIDTA – STING	7.000	I5PSWP574	—	357,058
HIDTA – ENTERPRISE	7.000	I4PSWP574	—	2,868

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal grant number</u>	<u>Subrecipient expenditures</u>	<u>Total expenditures</u>
HIDTA – ENTERPRISE 2005	7.000	I5PSWP574	\$ —	3,877
HIDTA – GRAB	7.000	I1PSWP557	—	28,841
HIDTA – GRAB	7.000	I4PSWP574	—	76,074
HIDTA – GRAB-CPOTS	7.000	I4PSWP999	—	2,315
HIDTA – Hijack FY2002	7.000	I2PSWP552	—	4,637
HIDTA – Intelligence Initiative FY2000	7.000	I0PSWP572	—	2,184
HIDTA – Intelligence Initiative FY2002	7.000	I2PSWP572	—	(2,185)
HIDTA – Intelligence Initiative FY2003	7.000	I8PSWP557	—	12,149
HIDTA – Intelligence Initiative FY2004	7.000	I4PSWP574	—	104,845
HIDTA – Intelligence Initiative FY2005	7.000	I5PSWP574	—	24,610
HIDTA – Source City Narcotics	7.000	I8PSWP558	—	21,156
HIDTA – Source City Narcotics	7.000	I4PSWP574	—	139,240
HIDTA – Multiagency FY2001	7.000	I1PSWP558	—	(3,276)
HIDTA – Multiagency FY2003	7.000	I3PSWP574	—	4,920
HIDTA – Multiagency FY2004	7.000	I4PSWP574	—	157,026
HIDTA – Stash House Initiative FY2001	7.000	I1PSWP574	—	1,477
HIDTA – Stash House Initiative FY2002	7.000	I2PSWP574	—	164
HIDTA – Stash House Initiative FY2003	7.000	I3PSWP574	—	754
HIDTA – Stash House Initiative FY2004	7.000	I4PSWP574	—	256,582
HIDTA – Stash House Initiative FY2005	7.000	I5PSWP574	—	137,997
HIDTA – Transportation 2004	7.000	I4PSWP574	—	9,301
HIDTA – Transportation 2005	7.000	I5PSWP574	—	7,314
Total Executive Office of the President			—	1,885,902
<u>National Endowment for the Arts</u>				
Consultation Grant	6.000	HP-20110-01	—	20,000
Total National Endowment for the Arts			—	20,000
Total Federal Awards			\$ 1,582,389	73,420,876

CITY OF EL PASO, TEXAS
Schedule of Expenditures of Federal and State Awards
Year ended August 31, 2005

Grant title	State grant number	Subrecipient expenditures	Total expenditures
STATE AWARDS			
<u>Texas Historical Commission</u>			
Archeology Awareness		\$ —	5,000
Baker Taylor Book Settlement		—	275
Steinbeck Centennial Grant		—	(267)
Total Texas Historical Commission		—	5,008
<u>Texas State Library and Archive Commission</u>			
Loan Star Libraries Grant		—	44,764
E-Rate Library Funds		—	33,488
Bill Gates		—	20,138
Total Texas State Library and Archive Commission		—	98,390
<u>Texas Department of Public Safety</u>			
NIBRS Grant		—	175,000
Total Texas Department of Public Safety		—	175,000
<u>Texas Arts Council</u>			
HAF-WOLS International Guitar		—	3,750
NEFA – Susan Marshal FY05		—	5,000
TCA Exhibit Support – Texas Flags	04-25076	—	4,064
Arts in Education EPISD FY05		—	3,000
Arts in Education YISD FY05		—	5,000
TCA Subgranting and Admin FY2004	04-25075	—	1
TCA Subgranting and Admin FY2005		—	33,684
TCA Subgranting and Admin FY2006		—	10,206
TCA Subgranting and Admin FY2006		—	5,000
Total Texas Arts Council		—	69,705
<u>Texas Department of Aging</u>			
Foster Grandparent Program	01SFWTX004	—	3,211
Retired Seniors Volunteer Program	03SRWTX017	—	(1)
Retired Seniors Volunteer Program	04SRWTX017	—	27,972
Total Texas Department of Aging		—	31,182

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Grant title	State grant number	Subrecipient expenditures	Total expenditures
<u>Texas Department of Health</u>			
TDH – Tuberculosis	7460007499-2004-08	\$ —	22,360
TDH – Tuberculosis	7460007499-2005-08	—	562,289
Total TDH – Tuberculosis		—	584,649
Office of Border Health	7460007499-2004-14	—	8,227
Office of Border Health	7460007499-2005-14	—	15,437
Total Office of Border Health		—	23,664
HIV Surveillance	7460007499-2004-06	—	—
HIV Surveillance	7460007499-2005-06	—	236
Total HIV Surveillance		—	236
STD Admin	7460007499-03-06	—	—
STD Admin	7460007499-04-06	—	17,362
STD Admin	7460007499-05-06	—	1,905
Total STD Admin		—	19,267
TDH Office Regional Planning	7460007499-2003-01	—	(3,495)
TDH Office Regional Planning	7460007499-2004-13A	—	10,228
TDH Office Regional Planning	7460007499-2005-1	—	126,307
Total Office Regional Planning		—	133,040
TDH – Immunization	7460007499-03-09	—	—
TDH – Immunization	7460007499-2005-03	—	1,108,618
TDH – Immunization	7460007499-2006-03	—	59,886
Total Immunization		—	1,168,504
TDH Bureau of Clinical and Nutritional Services – Core	7460007499-2004-09	—	3,898
TDH Bureau of Clinical and Nutritional Services – Title V	7460007499A-2004-03	—	(2)
Carryover Title V – FY04	—	—	49,694
Total Bureau of Clinical and Nutritional Services		—	53,590

CITY OF EL PASO, TEXAS

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2005

Grant title	State grant number	Subrecipient expenditures	Total expenditures
TDH Asbestos	7460007499-01-10	\$ —	—
TDH Asbestos	7460007499-02-11	—	—
TDH Asbestos	7460007499-03-15	—	—
TDH Asbestos	7460007499-2004-12A	—	—
TDH Asbestos	7460007499-2005-11	—	15,253
Total TDH Asbestos		—	15,253
Childhood Lead Poisoning Prevention Program	7460007499-2004-05	—	(8,713)
Total Childhood Lead Poisoning Prevention Program		—	(8,713)
Lab Bio Terrorism Preparedness	7460007499-03-14	—	145
Lab Bio Terrorism Preparedness	7460007499-2004-04	—	4,173
Public Health Preparedness	7460007499-03-10	—	(93,098)
Public Health Preparedness	7460007499-2004-10	—	124,775
Total CFDA Number 93.283		—	35,995
Sexually Transmitted Diseases	7460007499-2005-02	—	24,812
Sexually Transmitted Diseases	7460007499-2006-02	—	5,225
Total Sexually Transmitted Diseases		—	30,037
Total Texas Department of Health		—	2,055,522
<u>Texas Commission on Environmental Quality</u>			
Air Quality	582-2-47338	—	—
Air Quality	582-3-51314	—	14
Air Quality	582-4-64435	—	7,476
Air Quality Compliance	582-5-68474	—	409,979
Total Air Quality		—	417,469
Air Quality Pass-through	582-2-89438	—	52
Total Air Quality Pass-through		—	52

CITY OF EL PASO, TEXAS
Schedule of Expenditures of Federal and State Awards
Year ended August 31, 2005

Grant title	State grant number	Subrecipient expenditures	Total expenditures
<u>Pass-through Rio Grande Council of Governments</u>			
Recycling Containers	04-08-G05	\$ —	17,710
Recycling Containers	04-08-G05	—	23,994
Wood Chippers		—	43,293
Lid for Container		—	7,924
Total Pass-through Rio Grande Council of Governments		—	92,921
PM Sampling	582-3-55808	—	—
Total PM Sampling		—	—
Border Air Monitoring Grant	582-3-55818	—	(122)
Total Border Air Monitoring Grant		—	(122)
<u>Paso Del Norte</u>			
Paso Del Norte Clean Air		—	108,044
Total Paso Del Norte		—	108,044
Total Texas Commission on Environmental Quality		—	618,364
<u>Governor's Office of Criminal Justice</u>			
ATPA Border Partners	SA-T01-10050-02	—	(2,308)
ATPA Border Partners	SA-T01-10050-03	—	(7,394)
ATPA Border Partners	SA-T01-10050-04	—	9,724
ATPA Border Partners	SA-T01-10050-05	—	728,816
ATPA Border Partners	SA-T01-10050-06	—	—
Total ATPA Border Partners		—	728,838
Project Spotlight	SA-01-T01-09353	—	(15,360)
Total Project Spotlight		—	(15,360)
Juvenile Compliance Project	SF-04-J20-15409-04	—	—
Total Juvenile Compliance Project		—	—
Total Governor's Office of Criminal Justice		—	713,478

CITY OF EL PASO, TEXAS
Schedule of Expenditures of Federal and State Awards
Year ended August 31, 2005

Grant title	State grant number	Subrecipient expenditures	Total expenditures
<u>Pass-through Texas Forest Service</u>			
Every Tree has a Story	4/11/2005	\$ —	10,000
Texas Forest Service Arborist	02-11-07	—	49,836
Total Pass-through Texas Forest Service		—	59,836
PSB Funded Capital Project		—	190,488
Total PSB Funded Capital Project		—	190,488
Total State Awards		\$ —	4,016,973
Total Federal, State, and Privately Funded Awards		\$ 1,582,389	77,437,849

See accompanying notes to the schedule of expenditures of federal and state awards.

CITY OF EL PASO, TEXAS

Notes to the Schedule of Expenditures of Federal and State Awards

August 31, 2005

(1) General

Overview of the City of El Paso, Texas' Fiscal 2005 Annual Audit

The City of El Paso, Texas (the City) is the recipient of various federal and state awards. The grant programs are administered by various departments within the City. The activities of these organizations are monitored by City staff to ensure compliance with the requirements of the underlying grants.

The accompanying schedule of expenditures of federal and state awards presents activity of all federal and state financial assistance programs of the City for the year ended August 31, 2005. The City's reporting entity is defined in note 1(A) to the City's basic financial statements. Federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other entities, are included on the schedule of expenditures of federal and state awards.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using the cash basis of accounting except for the FAA Airport Improvement grant and the FTA Capital and Planning grants, which use the full accrual basis of accounting.

(3) Revolving Loan Programs

The City administers federal loan programs. These programs are initiated with a grant of federal funds and are sustained after the original money is disbursed in loans by using principal payments for subsequent loans to qualified borrowers. The interest received is considered to be program income and is used to pay administrative costs associated with the programs as well as for subsequent loans. As of August 31, 2005, outstanding principal balances of these loans were as follows:

Federal grantor/program title	Federal CFDA No.	Loans receivable principal
Department of Commerce:		
Economic Development Administration	11.305	\$ 2,657,482
Department of Housing and Urban Development:		
Community Development Block Grant and Urban Development Assistance Grant	14.218	12,351,028
Lomalinda	14.218	21,972
Home Investment Partnerships	14.239	22,571,062
Total revolving loans		\$ 37,601,544

CITY OF EL PASO, TEXAS

Notes to the Schedule of Expenditures of Federal and State Awards

August 31, 2005

(4) Commodities

The Texas Department of Human Services – Health Department provided vaccines to the El Paso City – County Health Department. All vaccines are funded by the Center for Disease Control in the amount of \$2,040,201 as shown in the schedule of expenditures of federal and state awards.

(5) Federal Loan

During fiscal year ended August 31, 1992, the City received a \$3,000,000 federal loan for construction work on the International Zaragosa Bridge. The balance of the loan at August 31, 2005 is \$1,650,000.

There are no significant continuing compliance requirements.

(6) Adjustments to Revenue and Expenditures

The accompanying schedule reflects certain adjustments resulting from final adjustments to closed grants and transfers between grants. As a result, certain grants show negative expenditures.

(7) Relationship to Financial Statements

Federal and state financial assistance programs are reported in the City's financial statements primarily in the Community Development Block Grants and Other Governmental Funds. Certain programs are included in the enterprise funds, of which certain grants are reported as capital contributions in the Income (Loss) Before Capital Contributions and Transfers section of the Statement of Revenue, Expenses, and Changes in Fund Net Assets (Deficit) Proprietary Funds.

(8) Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule of expenditures of federal and state awards may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because of accruals that would be included in the subsequent reports filed with the agencies.



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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Federal and State Program, on Internal
Control Over Compliance in Accordance with OMB Circular A-133 and
the State of Texas *Uniform Grant Management Standards*, and Report
on the Schedule of Expenditures of Federal and State Awards**

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

Compliance

We have audited the compliance of the City of El Paso, 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* and the State of Texas *Uniform Grant Management Standards* that are applicable to each of its major federal and state programs for the year ended August 31, 2005. The City's major federal and state 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 and state 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.

The City's financial statements include operations of the Public Service Board – City of El Paso (El Paso Water Utilities), a discretely presented component unit of the City that received \$2,348,938 in federal awards in its fiscal year ended February 28, 2005, which are not included in the schedule of expenditures of federal and state awards for the year ended August 31, 2005. Our audit, described below, did not include the operations of the El Paso Water Utilities because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas *Uniform Grant Management Standards*. 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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 05-1 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding matching, level of effort, and earmarking that are applicable to its Federal Transit Administration Grant major federal program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state 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 or state 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 and the State of Texas *Uniform Grant Management Standards*.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal or state program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

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 the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, item 05-1, to be a material weakness.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended August 31, 2005 and have issued our report thereon dated April 10, 2006, which included references to the reports of other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards for the year ended August 31, 2005 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 the State of Texas *Uniform Grant Management Standards*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council members and management of the City, the federal and state cognizant agencies, other federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 10, 2006

CITY OF EL PASO, TEXAS
 Schedule of Findings and Questioned Costs
 August 31, 2005

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	<u>X</u> yes	___ no
• Reportable condition(s) identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted	<u>X</u> yes	___ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u>X</u> yes	___ no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	<u>X</u> none reported
Type of auditors’ report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	<u>X</u> yes	___ no

State Awards

Internal control over major programs:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	<u>X</u> none reported
Type of auditors’ report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with State of Texas UGM Standards:	___ yes	<u>X</u> no

CITY OF EL PASO, TEXAS
 Schedule of Findings and Questioned Costs
 August 31, 2005

Identification of major programs:

<u>CFDA</u>	<u>Name of Federal Program or Cluster</u>
<u>Number(s)</u>	
07.000	High Intensity Drug Trafficking Area
14.218	Community Development Block Grants/Entitlement Program
14.239	Home Investment Partnership
14.244	Empowerment Zone
20.507	Urbanized Area Formula Program
97.004	State and Local Domestic Preparedness
	<u>Name of State Program or Cluster</u>
	TDH Tuberculosis
	TDH Immunization
	Office of Regional Planning

Dollar threshold used to distinguish
 between type A and type B programs:

Federal	\$ 2,203,000
State	\$ 300,000

Auditee qualified as low-risk auditee for federal and state programs?

___	yes	_X_	no
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CITY OF EL PASO, TEXAS
Schedule of Findings and Questioned Costs
August 31, 2005

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

See finding 05-1 in Section III.

CITY OF EL PASO, TEXAS
Schedule of Findings and Questioned Costs
August 31, 2005

SECTION III – FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

Finding 05-1: Matching, Level of Effort, Earmarking

Program/Grant: Federal Transit Grant

CFDA No.: 20.507

Federal Agency: Federal Transit Administration

Grant Number: FTA Planning FY2000; FTA Planning FY2001; FTA Planning FY2002; JARC 2004; TX 03-0172; TX 03-0175; TX 03-0183; TX 03-0188; TX 03-0193; TX 90-0238; TX 90-0280; TX 90-0390; TX 90-0431; TX 90-X344; TX-03-0208; TX-03-0220; TX-03-0227; TX-03-0262; TX-37-X019; TX-90-X454; TX-90-X483; TX-90-X539; TX-90-X573; TX-90-X650

Pass-through Entity: None

Type of Finding: Material Weakness and Material Noncompliance

Questioned Cost: \$19,564,973

Criteria: Per the Federal Transit Administration (FTA) Master Agreement Section 9, *Recipient's Request for Payment*, "To obtain a Federal assistance payment for the Project from FTA, the Recipient agrees to (1) demonstrate or certify that it will provide adequate local funds that, when combined with Federal payments, will cover all costs to be incurred for the Project. Unless the Federal Government has expressly permitted the Recipient to defer provision of the local share, a Recipient required by Federal statute or the Grant Agreement or Cooperative Agreement agrees to refrain from (b) taking any action that would cause the proportion of Federal funds made available to the project at any time to exceed the percentage authorized by the Grant Agreement or Cooperative Agreement."

49 CFR §18.24(a) *Matching or Cost Sharing*. "A matching or cost sharing requirement may be satisfied by either or both of the following: (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by other cash donations from non-Federal third parties, and (2) The value of third party in kind contributions applicable to the period to which the cost sharing or matching requirement applies."

CITY OF EL PASO, TEXAS

Schedule of Findings and Questioned Costs

August 31, 2005

- Condition:** In connection with a recent grantor audit, the City's Mass Transit Department was unable to demonstrate that it had adequate local funding to meet the federal matching requirements for the federal grant funds received in fiscal year 2005. Due to the nature of the errors noted, the funding shortfall could also impact prior years.
- Effect:** Based on information provided for federal fundings and fiscal year 2005 operating results, the City's Mass Transit Department did not appear to have any local match available for federal assistance.
- Cause:** It was noted that failure to comply with the matching requirements is due to inadequate internal controls in place over determining sources of matching funds.
- Recommendation:** The City should prepare an analysis of total FTA federal funding received for fiscal years 2005, 2004, and 2003 and include supporting documentation to demonstrate that adequate local matching funds were available to meet the applicable grant requirements. The analysis should distinguish between amounts of operating and capital sources of funding and indicate the required funding amounts and percentages for each grant. The results of the analysis should be discussed with FTA prior to requesting any additional federal funding. Any shortfall of local match would result in questioned costs that, together with applicable interest, should be refunded to FTA.

Management's Response and Corrective Action Plan

At the time of the single audit filing, it is management's assertion that this finding is not accurate and has prepared and submitted documentation to the Federal Transit Administration's auditor to support this assertion. A final resolution to this issue is pending.

CITY OF EL PASO, TEXAS
Schedule of Findings and Questioned Costs
August 31, 2005

STATE OF TEXAS AWARDS

No such findings or questioned costs noted for the fiscal year ended August 31, 2005.